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HENRY GEORGE'S PROGRESS AND POVERTY

AN
ABRIDGMENT
OF THE
ECONOMIC PRINCIPLES

AUTHORIZED BY
ANNA GEORGE DE MILLE

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PREFACE

It has been a tradition with the family of Henry George that no change should be permitted in his writings,—no abridgments, condensations, interpolations,—that his work should remain as he left it. But now has come a time when it would seem that this decision must be modified, when there is an imperative need that the Henry George Philosophy be given in condensed but complete form as only he could give it—to the rushing, hectic, storm-torn world of to-day. It has been after long deliberation that this decision has been reached by me, who now must stand alone in taking the responsibility for the curtailment of "Progress and Poverty," and this small book is offered with the hope that it may be read by "him who runs," may make easy study for the college student and the business man, and that, wherever it finds a reader, it may carry an invitation to seek the full, complete "Progress and Poverty" as it came from the pen of Henry George.

I wish gratefully to acknowledge my indebtedness to Alice Thacher Post for help and advice; and for critical reading of the manuscript to Stoughton Cooley, Fred C. Howe, and John Moody; but above all for the inestimable work contributed by Louis F. Post, friend, confidant, co-worker and disciple of Henry George, and probably best versed of anyone living in the Georgian school of economics. But for Mr. Post's help and guidance I should not have the temerity to abridge a work of the significance and importance of "Progress and Poverty."

For a Preface to this book I can do no better than quote in part from the Introduction to the Twenty-fifth Anniversary Edition of "Progress and Poverty," written by Henry George, Jr., in New York in 1905:

"Out of the open West came a young man of less than thirty, to this great city of New York. His *alma mater* had been the forecastle and the printing-office. He was poor, unheralded, unknown. He came from San Francisco to set up here, for a struggling little newspaper there, a telegraphic news bureau, despite the opposition of the combined powerful press and tele-

graph monopolies. The strugge was too unequal. The young man was overborne by the monopolies and his little paper crushed.

"This young man was Henry George and the time was 1869.

"But though defeated, Henry George was not vanquished. Out of this struggle had come a thing that was to grow and grow until it should fill the minds and hearts of multitudes and be as 'an army with banners.'

"For in the intervals of rest from his newspaper struggle in this city the young correspondent had musingly walked the streets. As he walked he was filled with wonder at the manifestations of vast wealth. For here, side by side with the palaces of the princely rich, were to be seen a poverty and degradation, a want and shame, such as made the young man from the open West sick at heart.

"Was this intended in the order of things? No, he could not believe it. And suddenly there came to him—there in daylight, in the city street—a burning thought, a call, a vision. Every nerve quivered. And he made a vow that he would never rest until he had found the cause of, and, if he could, the remedy for, this deepening poverty amid advancing wealth.

"Returning to San Francisco, and keeping his vow nurtured in his heart, Henry George perceived that land speculation locked up vast territories against labor. Everywhere he perceived an effort to 'corner' land; an effort to get it and to hold it, not for use, but for a 'rise.' Everywhere he perceived that this caused all who wished to use it to compete with one another for it; and he foresaw that as population grew, the keener that competition would become. Those who had a monopoly of the land would practically own those who had to use the land.

"Filled with these ideas, Henry George in 1871 wrote a little book under title of 'Our Land and Land Policy.' In that small volume of forty-eight pages he advocated the destruction of land monopoly by shifting all taxes from labor and the products of labor and concentrating them in one tax on the value of land, regardless of improvements. A thousand copies of this small book were printed, but the author quickly perceived that really to command attention, the work would have to be done more thoroughly.

"That more thorough work came something more than six years later. In August, 1877, the writing of 'Progress and Poverty' was begun.

"The book was finished after a year and seven months of intense labor, and the undergoings of privations which frequently forced the author to pawn his personal effects.

"And when the last page was written, in the dead of night, when he was entirely alone, Henry George flung himself upon his knees and wept like a child. He had kept his vow. The rest was in the Master's hands.

"Then the manuscript was sent to New York to find a publisher. Some of the publishers there thought it visionary; some, revolutionary. Most of them thought it unsafe, and all thought that it would not sell, or at least sufficiently to repay the outlay. What hope for a work of this nature from an obscure man—unknown, and without prestige of any kind? At length, however, D. Appleton & Co. consented to publish it if the author would bear the main cost, that of making the plates.

"Before the plates, made from this type, set by himself and friends, were shipped East, they were put upon a printing-press and an 'Author's Proof Edition' of five hundred copies was struck off. One of these copies Henry George sent to his venerable father in Philadelphia, eighty-one years old. At the same time the son wrote:

"'It is with deep feeling of gratitude to Our Father in Heaven that I send you a printed copy of this book. I am grateful that I have been enabled to live to write it, and that you have been enabled to live to see it. It represents a great deal of work and a good deal of sacrifice, but now it is done. It will not be recognized at first—maybe not for some time—but it will ultimately be considered a great book, will be published in both hemispheres, and be translated into different languages. This I know, though neither of us may ever see it here. But the belief that I have expressed in this book—the belief that there is yet another life for us—makes that of little moment.'

"The prophecy of recognition of the book's greatness was fulfilled very quickly. The Appletons in New York brought out the first regular market edition in January, 1880, just twenty-five years ago. Certain of the San Francisco newspapers derided book and author as the 'hobby' of 'little Harry George,' and predicted that the work would never be heard of. But the press elsewhere in the country and abroad, from the old 'thunderer' in London down, and the great periodical publications, headed by the 'Edinburgh Review,' hailed it as a remarkable book that could

not be lightly brushed aside. In the United States and England it was put into cheap paper editions, and in that form outsold the most popular novels of the day. In both countries, too, it ran serially in the columns of newspapers. Into all the chief tongues of Europe it was translated, there being three translations into German. Probably no exact statement of the book's extent of publication can be made; but a conservative estimate is that, embracing all forms and languages, more than two million copies of 'Progress and Poverty' have been printed to date; and that including with these the other books that have followed from Henry George's pen, and which might be called 'The Progress and Poverty Literature,' perhaps five million copies have been given to the world."

It has been a most difficult task to make this short abridgment of a 568 page book, and students and lovers of the complete work will miss many of their favorite passages. Some slight changes have been necessary,—changes in style, because this is a short condensation of a big book, changes in simile and in words, because the original book was written over forty years ago, but never has there been a change of the spirit or meaning of the author.

For the benefit of those who seek here merely the Economics of Henry George,—"The Central Truth" and the "Problem of Individual Life," as taught in Book X and Conclusion, are printed as though an Addendum, in different type. But because this part is the Soul of the work,—the flame that lights up the cold reason of economics,—it has not been eliminated but (though somewhat abridged) is kept in this small volume. It is urged that the reader who has gone through Book IX will go further and read this message of Faith and Hope, not as a continuation but as a presentation on a higher plane. It is urged that he go further still and read the unabridged works of Henry George and there find, as many readers before him have found,—a concrete and scientific foundation for belief in the Brotherhood of Man and the Fatherhood of God.

ANNA GEORGE DE MILLE.

HOLLYWOOD, CALIFORNIA,
January, 1924.

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INTRODUCTORY

THE PROBLEM

Could a Franklin or a Priestley have seen, in a vision of the future, the steamship taking the place of the sailing vessel, the railroad train of the wagon, the reaping machine of the scythe, the threshing machine of the flail; could he have heard the throb of the engines that in obedience to human will, and for the satisfaction of human desire, exert a power greater than that of all the men and all the beasts of burden of the earth combined; could he have seen the forest tree transformed into finished lumber—into doors, sashes, blinds, boxes or barrels, with hardly the touch of a human hand; the great workshops where boots and shoes are turned out by the case with less labor than the old-fashioned cobbler could have put on a sole; the factories where, under the eye of a girl, cotton becomes cloth faster than hundreds of stalwart weavers could have turned it out with their hand-looms; could he have seen steam hammers shaping mammoth shafts and mighty anchors, and delicate machinery making tiny watches; the diamond drill cutting through the heart of the rocks, and coal oil sparing the whale; could he have realized the enormous saving of labor resulting from improved facilities of exchange and communication—sheep killed in Australia eaten fresh in England, and the order given by the London banker in the afternoon executed in San Francisco in the morning of the same day; could he have conceived of the hundred thousand improvements which these only suggest, what would he have inferred as to the social condition of mankind?

It would not have seemed like an inference; further than

the vision went it would have seemed as though he saw; and his heart would have leaped and his nerves would have thrilled, as one who from a height beholds just ahead of the thirst-stricken caravan the living gleam of rustling woods and the glint of laughing waters. Plainly, in the sight of the imagination, he would have beheld these new forces elevating society from its very foundations, lifting the very poorest above the possibility of want, exempting the very lowest from anxiety for the material needs of life; he would have seen these slaves of the lamp of knowledge taking on themselves the traditional curse, these muscles of iron and sinews of steel making the poorest laborer's life a holiday, in which every high quality and noble impulse could have scope to grow.

And out of these bounteous material conditions he would have seen arising, as necessary sequences, moral conditions realizing the golden age of which mankind always dreamed. Youth no longer stunted and starved; age no longer harried by avarice; the child at play with the tiger; the man with the muck-rake drinking in the glory of the stars! Foul things fled, fierce things tame; discord turned to harmony! For how could there be greed where all had enough? How could the vice, the crime, the ignorance, the brutality, that spring from poverty and the fear of poverty, exist where poverty had vanished? Who should crouch where all were freemen; who oppress where all were peers?

More or less vague or clear, these have been the hopes, these the dreams born of the improvements which give this wonderful era its preëminence. They have sunk so deeply into the popular mind as radically to change the currents of thought, to recast creeds and displace the most fundamental conceptions. The haunting visions of higher possibilities have not merely gathered splendor and vividness, but their direction has changed—instead of seeing behind the faint tinges of an expiring sunset, all the glory of the daybreak has decked the skies before.

It is true that disappointment has followed disappointment, and that discovery upon discovery, and invention after invention, have neither lessened the toil of those who most need respite, nor brought plenty to the poor. But there have been so many things to which it seemed this failure could be laid, that faith has hardly weakened. We have better appreciated the difficulties to be overcome; but not the less trusted that the tendency of the times was to overcome them.

But we have come into collision with facts which there can be no mistaking. From all parts of the civilized world come complaints of industrial depression; of labor condemned to involuntary idleness; of capital massed and wasting; of pecuniary distress among business men; of want and suffering and anxiety among the working classes. All the dull, deadening pain, all the keen, maddening anguish, that to great masses of men are involved in the words "hard times," have afflicted the world. This state of things, common to communities differing so widely in situation, in political institutions, in fiscal and financial systems, in density of population and in social organization, can hardly be accounted for by local causes. There is distress where large standing armies are maintained, but there is also distress where the standing armies are nominal; there is distress where protective tariffs stupidly and wastefully hamper trade, but there is also distress where trade is nearly free; there is distress where autocratic government yet prevails, but there is also distress where political power is wholly in the hands of the people; in countries where paper is money, and in countries where gold and silver are the only currency. Evidently, beneath all such things as these, we must infer a common cause.

That there is a common cause, and that it is either what we call material progress or something closely connected with material progress, becomes more than an inference when it is noted that the phenomena we class together and speak of as industrial depression are but intensifica-

tions of phenomena which always accompany material progress, and which show themselves more clearly and strongly as material progress goes on. Where the conditions to which material progress everywhere tends are most fully realized—that is to say, where population is densest, wealth greatest, and the machinery of production and exchange most highly developed—we find the deepest poverty, the sharpest struggle for existence, and the most of enforced idleness.

It has always been to the newer countries—that is, to the countries where material progress is yet in its earlier stages—that laborers have emigrated in search of higher wages, and capital has flowed in search of higher interest. It is in the older countries—that is to say, the countries where material progress has reached later stages—that widespread destitution is found in the midst of the greatest abundance. Go into a new community where Anglo-Saxon vigor is just beginning the race of progress; where the machinery of production and exchange is yet rude and inefficient; where the increment of wealth is not yet great enough to enable any class to live in ease and luxury; where the best house is but a cabin of logs or a cloth and paper shanty, and the richest man is forced to daily work —and though you will find an absence of wealth and all its concomitants, you will find no beggars. There is no luxury, but there is no destitution. No one makes an easy living, nor a very good living; but every one *can* make a living, and no one able and willing to work is oppressed by the fear of want.

But just as such a community realizes the conditions which all civilized communities are striving for, and advances in the scale of material progress—just as closer settlement and a more intimate connection with the rest of the world, and greater utilization of labor-saving machinery, make possible greater economies in production and exchange, and wealth in consequence increases, not merely in the aggregate, but in proportion to population

—so does poverty take a darker aspect. Some get an infinitely better and easier living, but others find it hard to get a living at all. The "tramp" came with the locomotive, and almshouses and prisons are as surely the marks of "material progress" as are costly dwellings, rich warehouses, and magnificent churches. Upon streets lighted with gas and patrolled by uniformed policemen, beggars wait for the passer-by, and in the shadow of college, and library, and museum, are gathering the more hideous Huns and fiercer Vandals of whom Macaulay prophesied.

This fact—the great fact that poverty and all its concomitants show themselves in communities just as they develop into the conditions toward which material progress tends—proves that the social difficulties existing wherever a certain stage of progress has been reached, do not arise from local circumstances, but are, in some way or another, engendered by progress itself.

And, unpleasant as it may be to admit it, it is at last becoming evident that the enormous increase in productive power which has marked the present century and is still going on with accelerating ratio, has no tendency to extirpate poverty or to lighten the burdens of those compelled to toil. It simply widens the gulf between Dives and Lazarus, and makes the struggle for existence more intense. The march of invention has clothed mankind with powers of which a century ago the boldest imagination could not have dreamed. But in factories where labor-saving machinery has reached its most wonderful development, little children are at work; wherever the new forces are anything like fully utilized, large classes are maintained by charity or live on the verge of recourse to it; amid the greatest accumulations of wealth, men die of starvation, and puny infants suckle dry breasts; while everywhere the greed of gain, the worship of wealth, shows the force of the fear of want. The promised land flies before us like the mirage. The fruits of the tree of knowl-

edge turn as we grasp them to apples of Sodom that crumble at the touch.

It is true that wealth has been greatly increased, and that the average of comfort, leisure, and refinement has been raised; but these gains are not general. In them the lowest class do not share. I do not mean that the condition of the lowest class has nowhere nor in anything been improved; but that there is nowhere any improvement which can be credited to increased productive power. I mean that the tendency of what we call material progress is in nowise to improve the condition of the lowest class in the essentials of healthy, happy human life. Nay, more, that it is still further to depress the condition of the lowest class. The new forces, elevating in their nature though they be, do not act upon the social fabric from underneath, as was for a long time hoped and believed, but strike it at a point intermediate between top and bottom. It is as though an immense wedge were being forced, not underneath society, but through society. Those who are above the point of separation are elevated, but those who are below are crushed down.

This depressing effect is not generally realized, for it is not apparent where there has long existed a class just able to live. Where the lowest class barely lives, as has been the case for a long time in many parts of Europe, it is impossible for it to get any lower, for the next lowest step is out of existence, and no tendency to further depression can readily show itself. But in the progress of new settlements to the conditions of older communities it may clearly be seen that material progress does not merely fail to relieve poverty—it actually produces it.

This association of poverty with progress is the great enigma of our times. It is the central fact from which spring industrial, social, and political difficulties that perplex the world, and with which statesmanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive

and self-reliant nations. It is the riddle which the Sphinx of Fate puts to our civilization, and which not to answer is to be destroyed. So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent. The reaction must come. The tower leans from its foundations, and every new story but hastens the final catastrophe. To educate men who must be condemned to poverty, is but to make them restive; to base on a state of most glaring social inequality political institutions under which men are theoretically equal, is to stand a pyramid on its apex.

All-important as this question is, pressing itself from every quarter painfully upon attention, it has not yet received a solution which accounts for all the facts and points to any clear and simple remedy.

It must be within the province of political economy to solve it. For political economy is not a set of dogmas. It is the explanation of a certain set of facts. It is the science which, in the sequence of certain phenomena, seeks to trace mutual relations and to identify cause and effect, just as the physical sciences seek to do in other sets of phenomena. It lays its foundations upon firm ground. The premises from which it makes its deductions are truths which have the highest sanction; axioms which we all recognize; upon which we safely base the reasoning and actions of everyday life, and which may be reduced to the metaphysical expression of the physical law that motion seeks the line of least resistance—viz., that men seek to gratify their desires with the least exertion.

I propose in the following pages to attempt to solve by the methods of political economy the great problem I have outlined. I propose to seek the law which associates poverty with progress, and increases want with advancing wealth; and I believe that in the explanation of this paradox we shall find the explanation of those recurring

seasons of industrial and commercial paralysis which, viewed independently of their relations to more general phenomena, seem so inexplicable. Properly commenced and carefully pursued, such an investigation must yield a conclusion that will stand every test, and as truth, will correlate with all other truth. For in the sequence of phenomena there is no accident. Every effect has a cause, and every fact implies a preceding fact.

I propose in this inquiry to take nothing for granted, I propose to beg no question, to shrink from no conclusion, but to follow truth wherever it may lead.

BOOK I

WAGES AND CAPITAL

CHAPTER I. THE SOURCE OF WAGES

THE cause which produces poverty in the midst of advancing wealth is evidently the cause which exhibits itself in the tendency, everywhere recognized, of wages to a minimum. Let us, therefore, put our inquiry into this compact form:

Why, in spite of increase in productive power, do wages tend to a minimum which will give but a bare living?

The answer of political economy has been that wages are fixed by the ratio between the number of laborers and the amount of capital devoted to the employment of labor, and constantly tend to the lowest amount on which laborers will consent to live and reproduce, because the increase in the number of laborers tends naturally to follow and overtake any increase in capital. It has borne the indorsement of the very highest names among the cultivators of political economy, and though there have been attacks upon it, they have generally been more formal than real.

The proposition I shall endeavor to prove, is:

That wages are drawn from the product of the labor for which they are paid.[1]

Because wages are generally paid in money, and in many of the operations of production are paid before the product

[1] We are speaking of labor expended in production, to which it is best for the sake of simplicity to confine the inquiry. Any question which may arise in the reader's mind as to wages for unproductive services had best therefore be deferred.

is fully completed, or can be utilized, it is inferred that wages are drawn from pre-existing capital, and, therefore, that industry is limited by capital—that is to say that labor cannot be employed until capital has been accumulated, and can only be employed to the extent that capital has been accumulated.

But the fundamental truth, that in all economic reasoning must be firmly grasped, and never let go, is that society in its most highly developed form is but an elaboration of society in its rudest beginnings, and that principles obvious in the simpler relations of men are merely disguised and not abrogated or reversed by the more intricate relations that result from the division of labor and the use of complex tools and methods. The steam grist mill, with its complicated machinery exhibiting every diversity of motion, is simply what the rude stone mortar dug up from an ancient river bed was in its day—an instrument for grinding corn. And every man engaged in it, whether tossing wood into the furnace, running the engine, dressing stones, printing sacks or keeping books, is really devoting his labor to the same purpose that the prehistoric savage did when he used his mortar—the preparation of grain for human food.

And so, if we reduce to their lowest terms all the complex operations of modern production, we see that each individual who takes part in this infinitely subdivided and intricate network of production and exchange is really doing what the primeval man did when he climbed the trees for fruit or followed the receding tide for shellfish —endeavoring to obtain from nature by the exertion of his powers the satisfaction of his desires. If we keep this firmly in mind, if we look upon production as a whole—as the co-operation of all embraced in any of its great groups to satisfy the various desires of each, we plainly see that the reward each obtains for his exertions comes as truly and as directly from nature as the result of that exertion, as did that of the first man.

To illustrate: In the simplest state of which we can conceive, each man digs his own bait and catches his own fish. The advantages of the division of labor soon become apparent, and one digs bait while the others fish. Yet evidently the one who digs bait is in reality doing as much toward the catching of fish as any of those who actually take the fish. So when the advantages of canoes are discovered, and instead of all going a-fishing, one stays behind and makes and repairs canoes, the canoe-maker is in reality devoting his labor to the taking of fish as much as the actual fishermen, and the fish which he eats at night when the fishermen come home are as truly the product of his labor as of theirs. And thus when the division of labor is fairly inaugurated, and instead of each attempting to satisfy all of his wants by direct resort to nature, one fishes, another hunts, a third picks berries, a fourth gathers fruit, a fifth makes tools, a sixth builds huts, and a seventh prepares clothing—each one is to the extent he exchanges the direct product of his own labor for the direct product of the labor of others really applying his own labor to the production of the things he uses—is in effect satisfying his particular desires by the exertion of his particular powers; that is to say, what he receives he in reality produces. If he digs roots and exchanges them for venison, he is in effect as truly the procurer of the venison as though he had gone in chase of the deer and left the huntsman to dig his own roots. The common expression, "I made so and so," signifying "I earned so and so," or "I earned money with which I purchased so and so," is, economically speaking, not metaphorically but literally true. Earning is making.

Now, if we follow these principles, obvious enough in a simpler state of society, through the complexities of the state we call civilized, we shall see clearly that in every case in which labor is exchanged for commodities, production really precedes enjoyment; that wages are the earnings—that is to say, the makings of labor—not the ad-

vances of capital, and that the laborer who receives his wages in money (coined or printed, it may be, before his labor commenced) really receives in return for the addition his labor has made to the general stock of wealth, a draft upon that general stock, which he may utilize in any particular form of wealth that will best satisfy his desires; and that neither the money, which is but the draft, nor the particular form of wealth which he uses it to call for, represents advances of capital for his maintenance, but on the contrary represents the wealth, or a portion of the wealth, his labor has already added to the general stock.

Keeping these principles in view we see that the draughtsman, who, shut up in some dingy office on the banks of the Thames, is drawing the plans for a great marine engine, is in reality devoting his labor to the production of bread and meat as truly as though he were garnering the grain in California or swinging a lariat on a La Plata pampa; that he is as truly making his own clothing as though he were shearing sheep in Australia or weaving cloth in Paisley, and just as effectually producing the claret he drinks at dinner as though he gathered the grapes on the banks of the Garonne. The miner who, two thousand feet under ground in the heart of the Comstock, is digging out silver ore, is, in effect, by virtue of a thousand exchanges, harvesting crops in valleys five thousand feet nearer the earth's center; plucking tobacco leaves in Virginia; picking coffee berries in Honduras; cutting sugar cane on the Hawaiian Islands; gathering cotton in Georgia or weaving it in Manchester or Lowell; making quaint wooden toys for his children in the Hartz Mountains; or plucking amid the green and gold of Los Angeles orchards the oranges which, when his shift is relieved, he will take home to his sick wife. The wages which he receives on Saturday night at the mouth of the shaft, what are they but the certificate to all the world that he has done these things—the primary exchange in the long series which

transmutes his labor into the things he has really been laboring for?

CHAPTER II. THE MEANING OF THE TERMS

BEFORE proceeding further in our inquiry, let us make sure of the meaning of our terms, for indistinctness in their use must inevitably produce ambiguity and indeterminateness in reasoning. It is requisite in economic reasoning to give to such words as "wealth," "capital," "rent," "wages," and the like, a much more definite sense than they bear in common discourse.

It will be my effort throughout, as any term becomes of importance, to state clearly what I mean by it, and to use it in that sense and in no other. Let me ask the reader to note and to bear in mind the definitions thus given, as otherwise I cannot hope to make myself properly understood. I shall not attempt to attach arbitrary meanings to words, or to coin terms, even when it would be convenient to do so, but shall conform to usage as closely as is possible, only endeavoring so to fix the meaning of words that they may clearly express thought.

As a preliminary, let us settle what we mean by wages and what we mean by capital.

As used in common discourse "wages" means a compensation paid to a hired person for his services; and we speak of one man "working for wages," in contradistinction to another who is "working for himself." The use of the term is still further narrowed by the habit of applying it solely to compensation paid for manual labor. We do not speak of the wages of professional men, managers or clerks, but of their fees, commissions, or salaries. Thus the common meaning of the word wages is the compensation paid to a hired person for manual labor. But in political economy the word wages has a much wider meaning, and includes all returns for exertion. For, as political economists explain, the three agents or factors in produc-

tion are land, labor, and capital, and that part of the produce which goes to the second of these factors is by them styled wages.

Thus the term labor includes all human exertion in the production of wealth, and wages, being that part of the produce which goes to labor, includes all reward for such exertion. There is, therefore, in the politico-economic sense of the term wages no distinction as to the kind of labor, or as to whether its reward is received through an employer or not, but wages means the return received for the exertion of labor, as distinguished from the return received for the use of capital, and the return received by the landholder for the use of land. The man who cultivates the soil for himself receives his wages in its produce, just as, if he uses his own capital and owns his own land, he may also receive interest and rent; the hunter's wages are the game he kills; the fisherman's wages are the fish he takes. The gold washed out by the self-employing gold-digger is as much his wages as the money paid to the hired coal miner by the purchaser of his labor, and, as Adam Smith shows, the high profits of retail storekeepers are in large part *wages*, being the recompense of their *labor* and not of their *capital*. In short, whatever is received as the result or reward of exertion is "wages."

But it is more difficult to clear away from the idea of capital the ambiguities that beset it, and to fix the scientific use of the term. Most people understand well enough what it is until they begin to define it. The common sense of the term is that of wealth devoted to procuring more wealth; and the difficulties which beset the use of the word *as an exact term*, arise from two facts—first, that certain classes of things, the possession of which to the individual is precisely equivalent to the possession of capital, are not part of capital as a whole; and, second, that things of the same kind may or may not be capital, according to the purpose to which they are devoted.

Land, labor, and capital are the three factors of pro-

duction. If we remember that *capital* is thus a term used in contradistinction to *land* and *labor*, we at once see that nothing properly included under either one of these terms can be properly classed as *capital*.

The term land necessarily includes, not merely the surface of the earth as distinguished from the water and the air, but the whole material universe outside of man himself, for it is only by having access to land, from which his very body is drawn, that man can come in contact with or use nature. The term land embraces, in short, all natural materials, forces, and opportunities, and, therefore, nothing that is freely supplied by nature can be properly classed as capital. A fertile field, a rich vein of ore, a falling stream which supplies power, may give to the possessor advantages equivalent to the possession of capital, but to class such things as capital would be to put an end to the distinction between land and capital, and, so far as they relate to each other, to make the two terms meaningless.

The term labor, in like manner, includes all human exertion, and hence human powers whether natural or acquired can never properly be classed as capital. In common parlance we often speak of a man's knowledge, skill, or industry as constituting his capital; but this is evidently a metaphorical use of language that must be eschewed in reasoning that aims at exactness. Superiority in such qualities may augment the income of an individual just as capital would, and an increase in the knowledge, skill, or industry of a community may have the same effect in increasing its production as would an increase of capital; but this effect is due to the increased power of labor and not to capital.

Thus we must exclude from the category of capital everything that may be included either as land or labor. Doing so, there remain only things which are neither land nor labor, but which have resulted from the union of these two original factors of production. Nothing can be prop-

erly capital that does not consist of these—that is to say, nothing can be capital that is not wealth.

But it is from ambiguities in the use of this inclusive term wealth that many of the ambiguities which beset the term capital are derived.

As commonly used the word "wealth" is applied to anything having an exchange value. But when used as a term of political economy it must be limited to a much more definite meaning, because many things are commonly spoken of as wealth which in taking account of collective or general wealth cannot be considered as wealth at all. Such things have an exchange value, and are commonly spoken of as wealth, insomuch as they represent as between individuals, or between sets of individuals, the power of obtaining wealth; but they are not truly wealth, inasmuch as their increase or decrease does not affect the sum of wealth. Such are bonds, mortgages, promissory notes, bank bills, or other stipulations for the transfer of wealth. Such are slaves, whose value represents merely the power of one class to appropriate the earnings of another class. Such are lands, or other natural opportunities, the value of which is but the result of the acknowledgment in favor of certain persons of an exclusive right to their use, and which represents merely the power thus given to the owners to demand a share of the wealth produced by those who use them. Increase in the amount of bonds, mortgages, notes, or bank bills cannot increase the wealth of the community that includes as well those who promise to pay as those who are entitled to receive. The enslavement of a part of their number could not increase the wealth of a people, for what the enslavers gained the enslaved would lose. Increase in land values does not represent increase in the common wealth, for what land owners gain by higher prices, the tenants or purchasers who must pay them will lose. And all this relative wealth, which, in common thought and speech, in legislation and law, is undistinguished from actual wealth, could, without the destruction

or consumption of anything more than a few drops of ink and a piece of paper, be utterly annihilated. By enactment of the sovereign political power debts might be canceled, slaves emancipated, and land resumed as the common property of the whole people, without the aggregate wealth being diminished by the value of a pinch of snuff, for what some would lose others would gain. There would be no more destruction of wealth than there was creation of wealth when Elizabeth Tudor enriched her favorite courtiers by the grant of monopolies, or when Boris Godoonof made Russian peasants merchantable property.

All things which have an exchange value are, therefore, not wealth, in the only sense in which the term can be used in political economy. Only such things can be wealth the production of which increases and the destruction of which decreases the aggregate of wealth. If we consider what these things are, and what their nature is, we shall have no difficulty in defining wealth.

When we speak of a community increasing in wealth—as when we say that England has increased in wealth since the accession of Victoria, or that California is a wealthier country than when it was a Mexican territory—we do not mean to say that there is more land, or that the natural powers of the land are greater, or that there are more people, for when we wish to express that idea we speak of increase of population; or that the debts or dues owing by some of these people to others of their number have increased; but we mean that there is an increase of certain tangible things, having an actual and not merely a relative value—such as buildings, cattle, tools, machinery, agricultural and mineral products, manufactured goods, ships, wagons, furniture, and the like. The increase of such things constitutes an increase of wealth; their decrease is a lessening of wealth; and the community that, in proportion to its numbers, has most of such things is the wealthiest community. The common character of these things is

that they consist of natural substances or products which have been adapted by human labor to human use or gratification, their value depending on the amount of labor which upon the average would be required to produce things of like kind.

Thus wealth, as alone the term can be used in political economy, consists of natural products that have been secured, moved, combined, separated, or in other ways modified by human exertion, so as to fit them for the gratification of human desires. It is, in other words, labor impressed upon matter in such a way as to store up, as the heat of the sun is stored up in coal, the power of human labor to minister to human desires. Wealth is not the sole object of labor, for labor is also expended in ministering directly to desire; but it is the object and result of what we call productive labor—that is, labor which gives value to material things. Nothing which nature supplies to man without his labor is wealth, nor yet does the expenditure of labor result in wealth unless there is a tangible product which has and retains the power of ministering to desire.

Now, as capital is wealth devoted to a certain purpose, nothing can be capital which does not fall within this definition of wealth. By recognizing and keeping this in mind, we get rid of misconceptions which vitiate all reasoning in which they are permitted, which befog popular thought, and have led into mazes of contradiction even acute thinkers.

But though all capital is wealth, not all wealth is capital. Capital is only a part of wealth—that part, namely, which is devoted to the aid of production. "That part of a man's stock," to use the words of Adam Smith, "which he expects to afford him revenue is called his capital." This is the only sense in which the term capital expresses any fixed idea—the only sense in which we can with any clearness separate it from wealth and contrast it with labor. Money which its owner holds for use in his business or in speculation would be accounted capital; money set aside for house-

hold or personal expenses would not. That part of a farmer's crop held for sale or for seed, or to feed his help in part payment of wages, would be accounted capital; that held for the use of his own family would not be. The horses and carriage of a hackman would be classed as capital, but an equipage kept for the pleasure of its owner would not. So no one would think of counting as capital the false hair on the head of a woman, the cigar in the mouth of a smoker, or the toy with which a child is playing; but the stock of a hair dealer, of a tobacconist, or of the keeper of a toy store, would be unhesitatingly set down as capital. A coat which a tailor had made for sale would be accounted capital, but not the coat he had made for himself. Food in the possession of a hotel-keeper or a restaurateur would be accounted capital, but not the food in the pantry of a housewife, or in the lunch basket of a workman. Pig iron in the hands of the smelter, or founder, or dealer, would be accounted capital, but not the pig iron used as ballast in the hold of a yacht. The bellows of a blacksmith, the looms of a factory, would be capital, but not the sewing machine of a woman who does only her own work; a building let for hire, or used for business or productive purposes, but not a homestead.

Now, if, after having thus separated the wealth that is capital from the wealth that is not capital, we look for the distinction between the two classes, we shall not find it to be as to the character, capabilities, or final destination of the things themselves, as has been vainly attempted to draw it; but it seems to me that we shall find it to be as to whether they are or are not in the possession of the consumer. Such articles of wealth as in themselves, in their uses, or in their products, are yet to be exchanged are capital; such articles of wealth as are in the hands of the consumer are not capital. Hence, if we define capital as *wealth in course of exchange,* understanding exchange to include not merely the passing from hand to hand, but also such transmutations as occur when the re-

productive or transforming forces of nature are utilized for the increase of wealth, we shall, I think, comprehend all the things that the general idea of capital properly includes, and shut out all it does not. Under this definition, it seems to me, for instance, will fall all such tools as are really capital. For it is as to whether its services or uses are to be exchanged or not which makes a tool an article of capital or merely an article of wealth. Thus, the lathe of a manufacturer used in making things which are to be exchanged is capital, while the lathe kept by a gentleman for his own amusement is not. Thus, wealth used in the construction of a railroad, a public telegraph line, a stage coach, a theater, a hotel, etc., may be said to be placed in the course of exchange. The exchange is not effected all at once, but little by little, with an indefinite number of people. Yet there is an exchange, and the "consumers" of the railroad, the telegraph line, the stage coach, theater or hotel, are not the owners, but the persons who from time to time use them.

Nor is this definition inconsistent with the idea that capital is that part of wealth devoted to production. It is too narrow an understanding of production which confines it merely to the making of things. Production includes not merely the making of things, but the bringing of them to the consumer. The merchant or storekeeper is thus as truly a producer as is the manufacturer, or farmer, and his stock or capital is as much devoted to production as is theirs.

CHAPTER III. WAGES NOT DRAWN FROM CAPITAL, BUT PRODUCED BY LABOR

In all those cases in which the laborer is his own employer and takes directly the produce of his labor as its reward, it is plain enough that wages are not drawn from capital, but result directly as the product of the labor.

If, for instance, I devote my labor to gathering birds'

eggs or picking wild berries, the eggs or berries I thus get are my wages. Surely no one will contend that in such a case wages are drawn from capital. Or if I take a piece of leather and work it up into a pair of shoes, the shoes are my wages—the reward of my exertion. Surely they are not drawn from capital—either my capital or any one else's capital—but are brought into existence by the labor of which they become the wages; and in obtaining this pair of shoes as the wages of my labor, capital is not even momentarily lessened one iota. For, if we call in the idea of capital, my capital at the beginning consists of the piece of leather, the thread, etc. As my labor goes on, value is steadily added, until, when my labor results in the finished shoes, I have my capital plus the difference in value between the material and the shoes. In obtaining this additional value—my wages—how is capital at any time drawn upon?

Next in simplicity to "that original state of things," of which many examples may yet be found, where the whole produce of labor belongs to the laborer, is the arrangement in which the laborer, though working for another person, or with the capital of another person, receives his wages in kind—that is to say, in the things his labor produces. In this case it is as clear as in the case of the self-employing laborer that the wages are really drawn from the product of the labor, and not at all from capital. If I hire a man to gather eggs, to pick berries, or to make shoes, paying him from the eggs, the berries, or the shoes that his labor secures, there can be no question that the source of the wages is the labor for which they are paid.

The next step in the advance from simplicity to complexity is where the wages, though estimated in kind, are paid in an equivalent of something else. For instance, on American whaling ships the custom was not to pay fixed wages, but a "lay," or proportion of the catch, which varied from a sixteenth to a twelfth to the captain down to a three-hundredth to the cabin-boy. Thus, when a whaleship came into New Bedford or San Francisco after

a successful cruise, she carried in her hold the wages of her crew, as well as the profits of her owners, and an equivalent which would reimburse them for all the stores used up during the voyage. Can anything be clearer than that those wages—that oil and bone which the crew of the whaler had taken—had not been drawn from capital, but were really a part of the produce of their labor? Nor was this fact changed or obscured in the slightest degree where, as a matter of convenience, instead of dividing up between the crew their proportion of the oil and bone, the value of each man's share was estimated at the market price, and he was paid for it in money. The money is but the equivalent of the real wages, the oil and bone. In no way is there any advance of capital in this payment. The obligation to pay wages did not accrue until the value from which they were to be paid was brought into port. At the moment when the owner took from his capital money to pay the crew he added to his capital oil and bone.

So far there can be no dispute. Let us now take another step, which will bring us to the usual method of employing labor and paying wages.

The Farallone Islands, off the Bay of San Francisco, were a hatching ground of sea-fowl, and a company which claimed these islands employed men in the proper season to collect the eggs. They might have employed these men for a proportion of the eggs they gathered, as was done in the whale fishery, and probably would have done so if there were much uncertainty attending the business; but as the fowl were plentiful and tame, and about so many eggs could be gathered by so much labor, they found it more convenient to pay their men fixed wages. The men would go out and remain on the islands, gathering the eggs and bringing them to a landing, whence, at intervals of a few days, they were taken in a small vessel to San Francisco and sold. When the season was over the men returned and were paid their stipulated wages in coin. Did not this transaction amount to the same thing as if,

instead of being paid in coin, the stipulated wages were paid in an equivalent of the eggs gathered? Did not the coin represent the eggs, by the sale of which it was obtained, and were not these wages as much the product of the labor for which they were paid as the eggs would be in the possession of a man who gathered them for himself without the intervention of any employer?

Now, is not what may be seen in all these cases—the identity of wages in money with wages in kind—true of all cases in which wages are paid for productive labor? Is not the fund created by the labor really the fund from which the wages are paid?

It may, perhaps, be said: "There is this difference—where a man works for himself, or where, when working for an employer, he takes his wages in kind, his wages depend upon the result of his labor. Should that, from any misadventure, prove futile, he gets nothing. When he works for an employer, however, he gets his wages anyhow—they depend upon the performance of the labor, not upon the result of the labor." But this is evidently not a real distinction. For on the average, the labor that is rendered for fixed wages not only yields the amount of the wages, but more; else employers could make no profit. When wages are fixed, the employer takes the whole risk and is compensated for this assurance, for wages when fixed are always somewhat less than wages contingent.

Production is always the mother of wages. Without production, wages would not and could not be. *It is from the produce of labor that wages come.*

Wherever we analyze the facts this will be found to be true. For labor always precedes wages. This is as universally true of wages received by the laborer from an employer as it is of wages taken directly by the laborer who is his own employer. In the one class of cases as in the other, reward is conditioned upon exertion. Paid sometimes by the day, oftener by the week or month,

occasionally by the year, and in many branches of production by the piece, the payment of wages by an employer to an employee always implies the previous rendering of labor by the employee for the benefit of the employer, for the few cases in which advance payments are made for personal services are evidently referable either to charity or to guarantee and purchase.

I dwell on this obvious fact that labor always precedes wages, because it is all-important to an understanding of the more complicated phenomena of wages that it should be kept in mind.

The plausibility of the proposition that wages are drawn from capital comes in the first instance from a statement that ignores and leads the attention away from this truth. That statement is, that labor cannot exert its productive power unless supplied by capital with maintenance. The unwary reader at once recognizes the fact that the laborer must have food, clothing, etc., in order to enable him to perform the work, and having been told that the food, clothing, etc., used by productive laborers are capital, he assents to the conclusion that the consumption of capital is necessary to the application of labor, and from this it is but an obvious deduction that industry is limited by capital—that the demand for labor depends upon the supply of capital, and hence that wages depend upon the ratio between the number of laborers looking for employment and the amount of capital devoted to hiring them.

But I think the discussion in the previous chapter will enable any one to see wherein lies the fallacy of this reasoning. It is in the use of the term capital in two senses. In the primary proposition that capital is necessary to the exertion of productive labor, the term "capital" is understood as including all food, clothing, shelter, etc.; whereas, in the deductions finally drawn from it, the term is used in its common and legitimate meaning of wealth devoted, not to the immediate gratification of desire, but to the procurement of more wealth—of wealth in the hands of em-

ployers as distinguished from laborers. The conclusion is no more valid than it would be from the acceptance of the proposition that a laborer cannot go to work without his breakfast and some clothes, to infer that no more laborers can go to work than employers first furnish with breakfasts and clothes. Now, the fact is that laborers generally furnish their own breakfasts and the clothes in which they go to work; and the further fact is that capital (in the sense in which the word is used in distinction to labor) in exceptional cases sometimes may, but is never compelled to make advances to labor before the work begins. The precise time of the payment of wages is immaterial; the essential point—the point I lay stress on—is that it is *after* the performance of work.

The payment of wages, therefore, always implies the previous rendering of labor. Now, what does the rendering of labor in production imply? Evidently the production of wealth, which, if it is to be exchanged or used in production, is capital. Therefore, the payment of capital in wages presupposes a production of capital by the labor for which the wages are paid. And as the employer generally makes a profit, the payment of wages is, so far as he is concerned, but the return to the laborer of a portion of the capital he has received from the labor. So far as the employee is concerned, it is but the receipt of a portion of the capital his labor has previously produced. As the value paid in the wages is thus exchanged for a value brought into being by the labor, how can it be said that wages are drawn from capital or advanced by capital? As in the exchange of labor for wages the employer always gets the capital created by the labor before he pays out capital in the wages, at what point is his capital lessened even temporarily?[1]

[1] I speak of labor producing capital for the sake of greater clearness. What labor always procures is either wealth, which may or may not be capital, or services, the cases in which nothing is obtained being merely exceptional cases of misadventure. Where the

As the laborer who works for an employer does not get his wages until he has performed the work, his case is similar to that of the depositor in a bank who cannot draw money out until he has put money in. And as by drawing out what he has previously put in, the bank depositor does not lessen the capital of the bank, neither can laborers by receiving wages lessen even temporarily either the capital of the employer or the aggregate capital of the community. Their wages no more come from capital than the checks of depositors are drawn against bank capital. It is true that laborers in receiving wages do not generally receive back wealth in the same form in which they have rendered it, any more than bank depositors receive back the identical coins or bank notes they have deposited, but they receive it in equivalent form, and as we are justified in saying that the depositor receives from the bank the money he paid in, so are we justified in saying that the laborer receives in wages the wealth he has rendered in labor.

That this universal truth is so often obscured is largely due to that fruitful source of economic obscurities, the confounding of wealth with money. Money being the general medium of exchanges, the common flux through which all transmutations of wealth from one form to another take place, whatever difficulties may exist to an exchange will generally show themselves on the side of reduction to money, and thus it is sometimes easier to exchange money for any other form of wealth than it is to exchange wealth in a particular form into money, for the reason

object of the labor is simply the gratification of the employer, as where I hire a man to black my boots, I do not pay the wages from capital, but from wealth which I have devoted, not to reproductive uses, but to consumption for my own satisfaction. Even if wages thus paid be considered as drawn from capital, then by that act they pass from the category of capital to that of wealth devoted to the gratification of the possessor, as when a cigar dealer takes a dozen cigars from the stock he has for sale and puts them in his pocket for his own use.

that there are more holders of wealth who desire to make some exchange than there are who desire to make any particular exchange. And so a producing employer who has paid out his money in wages may sometimes find it difficult to turn quickly back into money the increased value for which his money has really been exchanged, and is spoken of as having exhausted or advanced his capital in the payment of wages. Yet, unless the new value created by the labor is less than the wages paid, which can be only an exceptional case, the capital which he had before in money he now has in goods—it has been changed in form, but not lessened. For where wages are paid before the object of the labor is obtained, or is finished—as in agriculture, where plowing and sowing must precede by several months the harvesting of the crop; as in the erection of buildings, the construction of ships, railroads, canals, etc.—it is clear that the owners of the capital paid in wages cannot expect an immediate return. And hence, if first principles are not kept in mind, it is easy to jump to the conclusion that wages are advanced by capital.

But such cases will not embarrass the reader to whom in what has preceded I have made myself clearly understood. For the creation of value does not depend upon the finishing of the product; it takes place at every stage of the process of production, as the immediate result of the application of labor, and hence, no matter how long the process in which it is engaged, labor always adds to capital by its exertion before it takes from capital in its wages. It is not the last blow, any more than the first blow, that creates the value of the finished product—the creation of value is continuous, it immediately results from the exertion of labor.

Take a ship, a building, a jack-knife, a book, a lady's thimble or a loaf of bread. They are finished products. But they were not produced at one operation or by one set of producers. And this being the case, we readily dis-

tinguish different points or stages in the creation of the value which as completed articles they represent. When we do not distinguish different parts in the final process of production we do distinguish the value of the materials. The value of these materials may often be again decomposed many times, exhibiting as many clearly defined steps in the creation of the final value. At each of these steps we habitually estimate a creation of value, an addition to capital. The batch of bread which the baker is taking from the oven has a certain value. But this is composed in part of the value of the flour from which the dough was made. And this again is composed of the value of the wheat, the value given by milling, etc. Iron in the form of pigs is very far from being a completed product. It must yet pass through several, or, perhaps, through many, stages of production before it results in the finished articles that were the ultimate objects for which the iron ore was extracted from the mine. Yet, is not pig iron capital? And so the process of production is not really completed when a crop of cotton is gathered, nor yet when it is ginned and pressed; nor yet when it arrives at Lowell or Manchester; nor yet when it is converted into yarn; nor yet when it becomes cloth; but only when it is finally placed in the hands of the consumer. Yet at each step in this progress there is clearly enough a creation of value—an addition to capital. Why, therefore, although we do not so habitually distinguish and estimate it, is there not a creation of value—an addition to capital—when the ground is plowed for the crop? Is it because it may possibly be a bad season and the crop may fail? Evidently not; for a like possibility of misadventure attends every one of the many steps in the production of the finished article. On the average a crop is sure to come up, and so much plowing and sowing will on the average result in so much cotton in the boll, as surely as so much spinning of cotton yarn will result in so much cloth.

In short, as the payment of wages is always conditioned upon the rendering of labor, the payment of wages in production, no matter how long the process, never involves any advance of capital, or even temporarily lessens capital. It may take a year, or even years, to build a ship, but the creation of value of which the finished ship will be the sum goes on day by day, and hour by hour, from the time the keel is laid or even the ground is cleared. Nor by the payment of wages before the ship is completed, does the master builder lessen either his capital or the capital of the community, for the value of the partially completed ship stands in place of the value paid out in wages. There is no advance of capital in this payment of wages, for the labor of the workmen during the week or month creates and renders to the builder more capital than is paid back to them at the end of the week or month, as is shown by the fact that if the builder were at any stage of the construction asked to sell a partially completed ship he would expect a profit.

"Yet," it may be said, "in such cases as we have been considering capital is required!" Certainly; I do not dispute that. But it is not required in order to make advances to labor. It is required for quite another purpose. What that purpose is we may readily see.

When wages are paid in kind—that is to say, in wealth of the same species as the labor produces; as, for instance, if I hire men to cut wood, agreeing to give them as wages a portion of the wood they cut, it is evident that no capital is required for the payment of wages. Nor yet when, for the sake of mutual convenience, arising from the fact that a large quantity of wood can be more readily and more advantageously exchanged than a number of small quantities, I agree to pay wages in money, instead of wood, shall I need any capital, provided I can make the exchange of the wood for money before the wages are due. It is only when I cannot make such an exchange, or such an advantageous exchange as I desire, until I accumulate a

large quantity of wood that I shall need capital. Nor even then shall I need capital if I can make a partial or tentative exchange by borrowing on my wood. If I cannot, or do not choose, either to sell the wood or to borrow upon it, and yet wish to go ahead accumulating a large stock of wood, I shall need capital. But manifestly, I need this capital, not for the payment of wages, but for the accumulation of a stock of wood.

And so we shall find it in every branch of production. Capital has never to be set aside for the payment of wages when the produce of the labor for which the wages are paid is exchanged as soon as produced; it is only required when this produce is stored up, or what is to the individual the same thing, placed in the general current of exchanges without being at once drawn against—that is, sold on credit. But the capital thus required is not required for the payment of wages, nor for advances to labor, as it is always represented in the produce of the labor. It is never as an employer of labor that any producer needs capital; when he does need capital, it is because he is not only an employer of labor, but a merchant or speculator in, or an accumulator of, the products of labor.

To recapitulate: The man who works for himself gets his wages in the things he produces, as he produces them, and exchanges this value into another form whenever he sells the produce. The man who works for another for stipulated wages in money works under a contract of exchange. He also creates his wages as he renders his labor, but he does not get them except at stated times, in stated amounts, and in a different form. In performing the labor he is advancing in exchange; when he gets his wages the exchange is completed. During the time he is earning the wages he is advancing capital to his employer, but at no time, unless wages are paid before work is done, is the employer advancing capital to him. Whether the employer who receives this produce in exchange for the

wages immediately re-exchanges it, or keeps it for a while, no more alters the character of the transaction than does the final disposition of the product made by the ultimate receiver, who may, perhaps, be in another quarter of the globe and at the end of a series of exchanges numbering hundreds.

CHAPTER IV. THE MAINTENANCE OF LABORERS NOT DRAWN FROM CAPITAL

But a stumbling block may yet remain.

As the plowman cannot eat the furrow, nor a partially completed steam engine aid in any way in producing the clothes the machinist wears, have I not, in the words of John Stuart Mill, "forgotten that the people of a country are maintained and have their wants supplied, not by the produce of present labor, but of past"? But because food, raiment and shelter are essential to productive labor, industry is not of necessity limited by capital. To say that a man must have his breakfast before going to work is not to say that he cannot go to work unless a capitalist furnishes him with a breakfast, for his breakfast may, and in point of fact in any country where there is not actual famine will, come not from wealth set apart for the assistance of production, but from wealth set apart for subsistence. Food, clothing, etc.—in short, all articles of wealth —are capital only so long as they remain in the possession of those who propose, not to consume, but to exchange them for other commodities or for productive services, and cease to be capital when they pass into the possession of those who will consume them; for in that transaction they pass from the stock of wealth held for the purpose of procuring other wealth, and pass into the stock of wealth held for purposes of gratification, irrespective of whether their consumption will aid in the production of wealth or not. Unless this distinction is preserved it is impossible to draw the line between the wealth that is capital and the wealth that

is not capital. For men do not eat or abstain, wear clothes or go naked, as they propose to engage in productive labor or not. They eat because they are hungry, and wear clothes because they would be uncomfortable without them. Take the food on the breakfast table of a laborer who will work or not that day as he gets the opportunity. If the distinction between capital and non-capital be the support of productive labor, is this food capital or not? It is impossible to tell. Nor yet can it be told when it gets into his stomach; nor, supposing that he does not get work at first, but continues the search, can it be told until it has passed into the blood and tissues. Yet the man will eat his breakfast all the same.

As a matter of fact, is it not true, in any normal condition of things, that consumption is supported by contemporaneous production?

Here is a luxurious idler, who does no productive work either with head or hand, but lives, we say, upon wealth which his father left him securely invested in government bonds. Does his subsistence, as a matter of fact, come from wealth accumulated in the past or from the productive labor that is going on around him? On his table are new-laid eggs, butter churned but a few days before, milk which the cow gave this morning, fish which twenty-four hours ago were swimming in the sea, meat which the butcher boy has just brought in time to be cooked, vegetables fresh from the garden, and fruit from the orchard —in short, hardly anything that has not recently left the hand of the productive laborer (for in this category must be included transporters and distributors as well as those who are engaged in the first stages of production), and nothing that has been produced for any considerable length of time, unless it may be some bottles of old wine. What this man inherited from his father, and on which we say he lives, is not actually wealth at all, but only the power of commanding wealth as others produce it. And it is

from this contemporaneous production that his subsistence is drawn.

If we trace the circle of exchange by which work done in the production of a great steam engine secures to the worker bread, meat, clothes and shelter, we shall find that though between the laborer on the engine and the producers of the bread, meat, etc., there may be a thousand intermediate exchanges, the transaction, when reduced to its lowest terms, really amounts to an exchange of labor between him and them. Now the cause which induces the expenditure of the labor on the engine is evidently that some one who has power to give what is desired by the laborer on the engine wants in exchange an engine—that is to say, there exists a demand for an engine on the part of those producing bread, meat, etc., or on the part of those who are producing what the producers of the bread, meat, etc., desire. It is this demand which directs the labor of the machinist to the production of the engine, and hence, reversely, the demand of the machinist for bread, meat, etc., really directs an equivalent amount of labor to the production of these things, and thus his labor, actually exerted in the production of the engine, virtually produces the things in which he expends his wages.

Or, to formularize this principle:

The demand for consumption determines the direction in which labor will be expended in production.

This principle is so simple and obvious that it needs no further illustration, yet in its light all the complexities of our subject disappear, and we thus reach the same view of the real objects and rewards of labor in the intricacies of modern production that we may gain by observing in the first beginnings of society the simpler forms of production and exchange. We see that now, as then, each laborer is endeavoring to obtain by his exertions the satisfaction of his own desires; we see that although the minute

division of labor assigns to each producer the production of but a small part, or perhaps nothing at all, of the particular things he labors to get, yet, in aiding in the production of what other producers want, he is directing other labor to the production of the things he wants—in effect, producing them himself.

The series of exchanges which thus unite production and consumption may be likened to a curved pipe filled with water. If a quantity of water is poured in at one end, a like quantity is released at the other. It is not identically the same water, but is its equivalent. And so they who do the work of production put in as they take out—they receive in subsistence and wages but the produce of their labor.

CHAPTER V. THE REAL FUNCTIONS OF CAPITAL

It may now be asked, If capital is not required for the payment of wages or the support of labor during production, what, then, are its functions?

Capital, as we have seen, consists of wealth used for the procurement of more wealth, as distinguished from wealth used for the direct satisfaction of desire; or, as I think it may be defined, of wealth in the course of exchange.

Capital, therefore, increases the power of labor to produce wealth: (1) By enabling labor to apply itself in more effective ways, as by digging up clams with a spade instead of the hand or moving a vessel by shoveling coal into a furnace, instead of tugging at an oar. (2) By enabling labor to avail itself of the reproductive forces of nature, as to obtain corn by sowing it, or animals by breeding them. (3) By permitting the division of labor, and thus, on the one hand, increasing the efficiency of the human factor of wealth, by the utilization of special capabilities, the acquisition of skill, and the reduction of waste; and, on the other, calling in the powers of the natural factor

at their highest, by taking advantage of the diversities of soil, climate and situation, so as to obtain each particular species of wealth where nature is most favorable to its production.

Capital does not supply the materials which labor works up into wealth; the materials of wealth are supplied by nature. But such materials partially worked up and in the course of exchange are capital.

Capital does not supply or advance wages. Wages are that part of the produce of his labor obtained by the laborer.

Capital does not maintain laborers during the progress of their work. Laborers are maintained by their labor, the man who produces, in whole or in part, anything that will exchange for articles of maintenance, virtually producing that maintenance.

Capital, therefore, does not limit industry, the only limit to industry being the access to natural material. But capital may limit the form of industry and the productiveness of industry, by limiting the use of tools and the division of labor.

That capital may limit the form of industry is clear. Without the factory, there could be no factory operatives; without the sewing machine, no machine sewing; without the plow, no plowman; and without a great capital engaged in exchange, industry could not take the many special forms which are concerned with exchanges. It is also as clear that the want of tools must greatly limit the productiveness of industry. If the farmer must use the spade because he has not capital enough for a plow, the sickle instead of the reaping machine, the flail instead of the thresher; if the machinist must rely upon the chisel for cutting iron; the weaver on the hand loom, and so on, the productiveness of industry cannot be a tithe of what it is when aided by capital in the shape of the best tools now in use. Nor could the division of labor go further than the very rudest and almost imperceptible beginnings, nor

the exchanges which make it possible extend beyond the nearest neighbors, unless a portion of the things produced were constantly kept in stock or in transit. To enable the resident of a civilized community to exchange his labor at option with the labor of those around him and with the labor of men in the most remote parts of the globe, there must be stocks of goods in warehouses, in stores, in the holds of ships, and in railway cars, just as to enable the denizen of a great city to draw at will a cupful of water, there must be thousands of millions of gallons stored in reservoirs and moving through miles of pipe.

But to say that capital *may* limit the form of industry or the productiveness of industry is a very different thing from saying that capital *does* limit industry.

We can, of course, imagine a community in which the want of capital would be the only obstacle to an increased productiveness of labor, but it is only by imagining a conjunction of conditions that seldom, if ever, occurs, except by accident or as a passing phase. A community in which capital has been swept away by war, conflagration, or convulsion of nature, and, possibly, a community composed of civilized people just settled in a new land, seem to me to furnish the only examples. Yet how quickly the capital habitually used is reproduced in a community that has been swept by war, has long been noticed, while the rapid production of the capital it can, or is disposed to use, is equally noticeable in the case of a new community.

I am unable to think of any other than such rare and passing conditions in which the productiveness of labor is really limited by the want of capital. For, although there may be in a community individuals who from want of capital cannot apply their labor as efficiently as they would, yet so long as there is a sufficiency of capital in the community at large, the real limitation is not the want of capital, but the want of its proper distribution. If bad government rob the laborer of his capital, if unjust laws take from the producer the wealth with which he would

assist production, and hand it over to those who are mere pensioners upon industry, the real limitation to the effectiveness of labor is in misgovernment, and not in want of capital. And so of ignorance, or custom, or other conditions which prevent the use of capital. It is they, not the want of capital, that really constitute the limitation. It was not the want of seeds and tools that kept the Apache and the Sioux from cultivating the soil. If provided with seeds and tools they would not have used them productively unless at the same time restrained from wandering and taught to cultivate the soil. If all the capital of a London had been given them, it would simply have ceased to be capital, for they would only have used productively such infinitesimal part as might have assisted in the chase, and would not even have used that until all the edible part of the stock thus showered upon them had been consumed. Yet such capital as they did want they managed to acquire, and in some forms in spite of the greatest difficulties. Wild tribes hunted and fought with the best weapons that American and English factories produced, keeping up with the latest improvements.

Likewise it would be a mistake to attribute the simple modes of production and exchange which are resorted to in new communities solely to a want of capital. These modes, which require little capital, are in themselves rude and inefficient, but when the conditions of such communities are considered, they will be found in reality the most effective. A great factory with all the latest improvements is the most efficient instrument that has yet been devised for turning wool or cotton into cloth, but only so where large quantities are to be made. The cloth required for a little village could be made with far less labor by the spinning wheel and hand loom. A perfecting press will, for each man required, print many thousand impressions while a man and a boy would be printing a hundred with a Stanhope or Franklin press; yet to work off the small edition of a country newspaper the old-fashioned press is

by far the most efficient machine. To carry occasionally two or three passengers, a canoe is a better instrument than a steamboat; a few sacks of flour can be transported with less expenditure of labor by a pack horse than by a railroad train; to put a great stock of goods into a cross-roads store in the backwoods would be but to waste capital.

As, no matter how much water is poured in, there can never be in a bucket more than a bucketful, so no greater amount of wealth will be used as capital than is required by the machinery of production and exchange that under all the existing conditions—intelligence, habit, security, density of population, etc.—best suit the people. And I am inclined to think that as a general rule this amount will be had—that the social organism secretes, as it were, the necessary amount of capital just as the human organism in a healthy condition secretes the requisite fat.

But whether the amount of capital ever does limit the productiveness of industry, and thus fix a maximum which wages cannot exceed, it is evident that it is not from any scarcity of capital that the poverty of the masses in civilized countries proceeds. For not only do wages nowhere reach the limit fixed by the productiveness of industry, but wages are relatively the lowest where capital is most abundant. The tools and machinery of production are in all the most progressive countries evidently in excess of the use made of them, and any prospect of remunerative employment brings out more than the capital needed. The bucket is not only full; it is overflowing. So evident is this, that not only among the ignorant, but by men of high economic reputation, is industrial depression attributed to the abundance of machinery and the accumulation of capital; and war, which is the destruction of capital, is looked upon as the cause of brisk trade and high wages—an idea strangely enough, so great is the confusion of thought on such matters, countenanced by many who hold that capital employs labor and pays wages.

If each laborer in performing the labor really creates

the fund from which his wages are drawn, then wages cannot be diminished by the increase of laborers, but, on the contrary, as the efficiency of labor manifestly increases with the number of laborers, the more laborers, other things being equal, the higher should wages be.

But this necessary proviso, "other things being equal," brings us to a question which must be considered and disposed of before we can further proceed. That question is, Do the productive powers of nature tend to diminish with the increasing drafts made upon them by increasing population?

BOOK II

POPULATION AND SUBSISTENCE

CHAPTER I. THE MALTHUSIAN THEORY

CURRENT doctrines as to the derivation and law of wages find their strongest support in the doctrine to which Malthus gave his name—that population naturally tends to increase faster than subsistence.

Seemingly backed by an indisputable arithmetical truth —that a continuously increasing population must eventually exceed the capacity of the earth to furnish food or even standing room, the Malthusian theory is supported by analogies in the animal and vegetable kingdoms, where life everywhere beats wastefully against the barriers that hold its different species in check—analogies to which the course of modern thought, in leveling distinctions between different forms of life, has given a greater and greater weight; and it is apparently corroborated by many obvious facts, such as the prevalence of poverty, vice, and misery amid dense populations; the general effect of material progress in increasing population without relieving pauperism; the rapid growth of numbers in newly settled countries and the evident retardation of increase in more densely settled countries by the mortality among the class condemned to want. Poverty, want, and starvation are by this theory not chargeable either to individual greed or to social mal-adjustments; they are the inevitable results of universal laws, with which, if it were not impious, it were as hopeless to quarrel as with the law of gravitation.

As the grounds of the current theory of wages have vanished when subjected to a candid examination, so, do I

believe, will vanish the grounds of this, its twin. In proving that wages are not drawn from capital we have raised this Antæus from the earth.

CHAPTER II. INFERENCES FROM FACTS

I go to the heart of the matter in saying that there is no warrant, either in experience or analogy, for the assumption that there is any tendency in population to increase faster than subsistence. The facts cited merely show that where, owing to the sparseness of population, as in new countries, or where, owing to the unequal distribution of wealth, as among the poorer classes in old countries, human life is occupied with the physical necessities of existence, the tendency to reproduce is at a rate which would, were it to go on unchecked, some time exceed subsistence. But it is not a legitimate inference from this that the tendency to reproduce would show itself in the same force where population was sufficiently dense and wealth distributed with sufficient evenness to lift a whole community above the necessity of devoting their energies to a struggle for mere existence. The globe may be surveyed and history may be reviewed in vain for any instance of a considerable country[1] in which poverty and want can be fairly attributed to the pressure of an increasing population. Whatever be the possible dangers involved in the power of human increase, they have never yet appeared. Whatever may some time be, this never yet has been the evil that has afflicted mankind. Population always tending to overpass the limit of subsistence! How is it, then, that this globe of ours, after all the thousands, and it is now thought

[1] I say considerable country, because there may be small islands, such as Pitcairn's Island, cut off from communication with the rest of the world and consequently from the exchanges which are necessary to the improved modes of production resorted to as population becomes dense, which may seem to offer examples in point. A moment's reflection, however, will show that these exceptional cases are not in point.

millions, of years that man has been upon the earth, is yet so thinly populated? How is it, then, that so many of the hives of human life are now deserted—that once cultivated fields are rank with jungle, and the wild beast licks her cubs where once were busy haunts of men?

If the tendency to reproduce be so strong how is it that families so often become extinct—families in which want is unknown? How is it, then, that when every premium is offered by hereditary titles and hereditary possessions, not alone to the principle of increase, but to the preservation of genealogical knowledge and the proving up of descent, that in such an aristocracy as that of England, so many peerages should lapse, and the House of Lords be kept up from century to century only by fresh creations?

Ireland, of all European countries, furnishes the great stock example of over-population. The extreme poverty of the peasantry and the low rate of wages there prevailing, the Irish famine, and Irish emigration, are constantly referred to as a demonstration of the Malthusian theory worked out under the eyes of the civilized world. I doubt if a more striking instance can be cited of the power of a preaccepted theory to blind men as to the true relations of facts. The truth is, and it lies on the surface, that Ireland has never yet had a population which the natural powers of the country, in the existing state of the productive arts, could not have maintained in ample comfort. At the period of her greatest population (1840-45) Ireland contained something over eight millions of people. But a very large proportion of them managed merely to exist—lodging in miserable cabins, clothed with miserable rags, and with but potatoes for their staple food. When the potato blight came, they died by thousands. But was it the inability of the soil to support so large a population that compelled so many to live in this miserable way, and exposed them to starvation on the failure of a single root crop? On the contrary, it was the same remorseless rapacity that robbed the Indian ryot of the fruits of his toil

and left him to starve where nature offered plenty. A merciless banditti of tax-gatherers did not march through the land plundering and torturing, but the laborer was just as effectually stripped by as merciless a horde of landlords, among whom the soil had been divided as their absolute possession, regardless of any rights of those who lived upon it.

Cultivation was for the most part carried on by tenants at will, who, even if the rack-rents which they were forced to pay had permitted them, did not dare to make improvements which would have been but the signal for an increase of rent. Labor was thus applied in the most inefficient and wasteful manner, and labor was dissipated in aimless idleness that, with any security for its fruits, would have been applied unremittingly. But even under these conditions, it is a matter of fact that Ireland did more than support eight millions. For when her population was at its highest, Ireland was a food-exporting country. Even during the famine, grain and meat and butter and cheese were carted for exportation along roads lined with the starving and past trenches into which the dead were piled. For these exports of food, or at least for a great part of them, there was no return. So far as the people of Ireland were concerned, the food thus exported might as well have been burned up or thrown into the sea, or never produced. It went not as an exchange, but as a tribute—to pay the rent of absentee landlords; a levy wrung from producers by those who in no wise contributed to production.

Had this food been left to those who raised it; had the cultivators of the soil been permitted to retain and use the capital their labor produced; had security stimulated industry and permitted the adoption of economical methods, there would have been enough to support in bounteous comfort the largest population Ireland ever had, and the potato blight might have come and gone without stinting a single human being of a full meal.

Whether over-population ever did cause pauperism and starvation, may be an open question; but so far as our knowledge of facts goes, we may safely deny that the increase of population has ever yet pressed upon subsistence in such a way as to produce vice and misery; that increase of numbers has ever yet decreased the relative production of food. The famines of India, China, and Ireland can no more be credited to over-population than the famines of sparsely populated Brazil. The vice and misery that come of want can no more be attributed to the niggardliness of Nature than can the six millions slain by the sword of Genghis Khan, Tamerlane's pyramid of skulls, or the extermination of the ancient Britons or of the aboriginal inhabitants of the West Indies.

CHAPTER III. INFERENCES FROM ANALOGY

If we turn from an examination of the facts to consider the analogies, we shall find the same inconclusiveness.

The strength of the reproductive force in the animal and vegetable kingdoms—such facts as that a single pair of salmon might, if preserved from their natural enemies for a few years, fill the ocean; that a pair of rabbits would, under the same circumstances, soon overrun a continent; that many plants scatter their seeds by the hundredfold, and some insects deposit thousands of eggs; and that everywhere through these kingdoms each species constantly tends to press, and when not limited by the number of its enemies, evidently does press, against the limits of subsistence—is constantly cited.

But is this analogy valid? It is from the vegetable and animal kingdoms that man's food is drawn, and hence the greater strength of the reproductive force in the vegetable and animal kingdoms than in man simply proves the power of subsistence to increase faster than population. No species reaches the ultimate limit of soil, water, air, and sunshine; but the actual limit of each is in the existence

of other species, its rivals, its enemies, or its food. Thus the conditions which limit the existence of such of these species as afford him subsistence man can extend (in some cases his mere appearance will extend them), and thus the reproductive forces of the species which supply his wants, instead of wasting themselves against their former limit, start forward in his service at a pace which his powers of increase cannot rival. If he but shoot hawks, food-birds will increase; if he but trap foxes, the wild rabbits will multiply; the honey bee moves with the pioneer, and on the organic matter with which man's presence fills the rivers, fishes feed.

Even if it be not permitted to suggest that the high and constant reproductive force in vegetables and animals has been ordered to enable them to subserve the uses of man, and that therefore the pressure of the lower forms of life against subsistence does not tend to show that it must likewise be so with man, "the roof and crown of things"; yet there still remains a distinction between man and all other forms of life that destroys the analogy. Of all living things, man is the only one who can give play to the reproductive forces, more powerful than his own, which supply him with food. Beast, insect, bird, and fish take only what they find. Their increase is at the expense of their food, and when they have reached the existing limits of food, their food must increase before they can increase. But unlike that of any other living thing, the increase of man involves the increase of his food.

Here is a difference between the animal and the man. Both the jay-hawk and the man eat chickens, but the more jay-hawks the fewer chickens, while the more men the more chickens. Both the seal and the man eat salmon, but when a seal takes a salmon there is a salmon the less, and were seals to increase past a certain point salmon must diminish; while by placing the spawn of the salmon under favorable conditions man can so increase the number of salmon as more than to make up for all he may take, and

thus, no matter how much men may increase, their increase need never outrun the supply of salmon.

In short, while all through the vegetable and animal kingdoms the limit of subsistence is independent of the thing subsisted, with man the limit of subsistence is, within the final limits of earth, air, water, and sunshine, dependent upon man himself. And this being the case, the analogy which it is sought to draw between the lower forms of life and man manifestly fails. While vegetables and animals do press against the limits of subsistence, man cannot press against the limits of his subsistence until the limits of the globe are reached. Observe, this is not merely true of the whole, but of all the parts. As we cannot reduce the level of the smallest bay or harbor without reducing the level not merely of the ocean with which it communicates, but of all the seas and oceans of the world, so the limit of subsistence in any particular place is not the physical limit of that place, but the physical limit of the globe. Fifty square miles of soil will in the present state of the productive arts yield subsistence for only some thousands of people, but on the fifty square miles which comprise the city of London some three and a half millions of people are maintained, and subsistence increases as population increases. So far as the limit of subsistence is concerned, London may grow to a population of a hundred millions, or five hundred millions, or a thousand millions, for she draws for subsistence upon the whole globe, and the limit which subsistence sets to her growth in population is the limit of the globe to furnish food for its inhabitants.

That the earth could maintain a thousand billions of people as easily as a thousand millions is a necessary deduction from the manifest truths that, at least so far as our agency is concerned, matter is eternal and force must forever continue to act. Life does not use up the forces that maintain life. We come into the material universe

bringing nothing; we take nothing away when we depart. The human being, physically considered, is but a transient form of matter, a changing mode of motion. The matter remains and the force persists. Nothing is lessened, nothing is weakened. And from this it follows that the limit to the population of the globe can be only the limit of space.

Now this limitation of space—this danger that the human race may increase beyond the possibility of finding elbow room—is so far off as to have for us no more practical interest than the recurrence of the glacial period or the final extinguishment of the sun. Yet remote and shadowy as it is, it is this possibility which gives to the Malthusian theory its apparently self-evident character. But if we follow it, even this shadow will disappear. It, also, springs from a false analogy. That vegetable and animal life tend to press against the limits of space does not prove the same tendency in human life.

Granted that man is only a more highly developed animal; that the ring-tailed monkey is a distant relative who has gradually developed acrobatic tendencies, and the hump-backed whale a far-off connection who in early life took to the sea—granted that back of these he is kin to the vegetable, and is still subject to the same laws as plants, fishes, birds, and beasts. Yet there is still this difference between man and all other animals—he is the only animal whose desires increase as they are fed; the only animal that is never satisfied. The wants of every other living thing are uniform and fixed. The ox of to-day aspires to no more than did the ox when man first yoked him. The sea gull of the English Channel, who poises himself above the swift steamer, wants no better food or lodging than the gulls who circled round as the keels of Cæsar's galleys first grated on a British beach. Of all that nature offers them, be it ever so abundant, all living things save man can take, and care for, only enough to supply wants

which are definite and fixed. The only use they can make of additional supplies or additional opportunities is to multiply.

But not so with man. No sooner are his animal wants satisfied than new wants arise. Food he wants first, as does the beast; shelter next, as does the beast; and these given, his reproductive instincts assert their sway, as do those of the beast. But here man and beast part company. The beast never goes further; the man has but set his feet on the first step of an infinite progression—a progression upon which the beast never enters; a progression away from and above the beast.

The demand for quantity once satisfied, he seeks quality. The very desires that he has in common with the beast become extended, refined, exalted. It is not merely hunger, but taste, that seeks gratification in food; in clothes, he seeks not merely comfort, but adornment; the rude shelter becomes a house; the undiscriminating sexual attraction begins to transmute itself into subtle influences, and the hard and common stock of animal life to blossom and to bloom into shapes of delicate beauty. As power to gratify his wants increases, so does aspiration grow. Held down to lower levels of desire, Lucullus will sup with Lucullus; twelve boars turn on spits that Antony's mouthful of meat may be done to a turn; every kingdom of Nature be ransacked to add to Cleopatra's charms, and marble colonnades and hanging gardens and pyramids that rival the hills arise. Passing into higher forms of desire, that which slumbered in the plant and fitfully stirred in the beast, awakes in the man. The eyes of the mind are opened, and he longs to know. He braves the scorching heat of the desert and the icy blasts of the polar sea, but not for food; he watches all night, but it is to trace the circling of the eternal stars. He adds toil to toil, to gratify a hunger no animal has felt; to assuage a thirst no beast can know.

Out upon nature, in upon himself, back through the

mists that shroud the past, forward into the darkness that overhangs the future, turns the restless desire that arises when the animal wants slumber in satisfaction. Beneath things, he seeks the law; he would know how the globe was forged and the stars were hung, and trace to their origins the springs of life. And, then, as the man develops his nobler nature, there arises the desire higher yet—the passion of passions, the hope of hopes—the desire that he, even he, may somehow aid in making life better and brighter, in destroying want and sin, sorrow and shame. He masters and curbs the animal; he turns his back upon the feast and renounces the place of power; he leaves it to others to accumulate wealth, to gratify pleasant tastes, to bask themselves in the warm sunshine of the brief day. He works for those he never saw and never can see; for a fame, or maybe but for a scant justice, that can only come long after the clods have rattled upon his coffin lid. He toils in the advance, where it is cold, and there is little cheer from men, and the stones are sharp and the brambles thick. Amid the scoffs of the present and the sneers that stab like knives, he builds for the future; he cuts the trail that progressive humanity may hereafter broaden into a highroad. Into higher, grander spheres desire mounts and beckons, and a star that rises in the east leads him on. Lo! the pulses of the man throb with the yearnings of the god—he would aid in the process of the suns!

Is not the gulf too wide for the analogy to span? Give more food, open fuller conditions of life, and the vegetable or animal can but multiply; the man will develop. In the one the expansive force can but extend existence in new numbers; in the other, it will inevitably tend to extend existence in higher forms and wider powers. Man is an animal; but he is an animal plus something else. He is the mythic earth-tree, whose roots are in the ground, but whose topmost branches may blossom in the heavens!

Whichever way it be turned, the reasoning by which

this theory of the constant tendency of population to press against the limits of subsistence is supported shows an unwarranted assumption. Facts do not warrant it, analogy does not countenance it. It is a pure chimera of the imagination, such as those that for a long time prevented men from recognizing the rotundity and motion of the earth. It is just such a theory as that underneath us everything not fastened to the earth must fall off; as that a ball dropped from the mast of a ship in motion must fall behind the mast; as that a live fish placed in a vessel full of water will displace no water. It is as unfounded, if not as grotesque, as an assumption we can imagine Adam might have made had he been of an arithmetical turn of mind and figured on the growth of his first baby from the rate of its early months. From the fact that at birth it weighed ten pounds and in eight months thereafter twenty pounds, he might, with the arithmetical knowledge which some sages have supposed him to possess, have ciphered out a result quite as striking as that of Mr. Malthus; namely, that by the time it got to be ten years old it would be as heavy as an ox, at twelve as heavy as an elephant, and at thirty would weigh no less than 175,716,339,548 tons.

The fact is, there is no more reason for us to trouble ourselves about the pressure of population upon subsistence than there was for Adam to worry himself about the rapid growth of his baby. So far as an inference is really warranted by facts and suggested by analogy, it is that the law of population includes such beautiful adaptations as investigation has already shown in other natural laws, and that we are no more warranted in assuming that the instinct of reproduction, in the natural development of society, tends to produce misery and vice, than we should be in assuming that the force of gravitation must hurl the moon to the earth and the earth to the sun. Any danger that human beings may be brought into a world where they cannot be provided for arises not from the ordinances of

nature, but from social maladjustments that in the midst of wealth condemn men to want.

CHAPTER IV. DISPROOF OF THE MALTHUSIAN THEORY

MANIFESTLY the question whether increase of population necessarily tends to reduce wages and cause want, is simply the question whether it tends to reduce the amount of wealth that can be produced by a given amount of labor. I assert that in a state of equality the natural increase of population would constantly tend to make every individual richer instead of poorer.

The question of fact into which this issue resolves itself is not in what stage of population is most subsistence produced? but in what stage of population is there exhibited the greatest power of producing wealth? For the power of producing wealth in any form is the power of producing subsistence—and the consumption of wealth in any form, or of wealth-producing power, is equivalent to the consumption of subsistence. I have, for instance, some money in my pocket. With it I may buy either food or cigars or jewelry or theater tickets, and just as I expend my money do I determine labor to the production of food, of cigars, of jewelry, or of theatrical representations. A set of diamonds has a value equal to so many barrels of flour—that is to say, it takes on the average as much labor to produce the diamonds as it would to produce so much flour. If I load my wife with diamonds, it is as much an exertion of subsistence-producing power as though I had devoted so much food to purposes of ostentation. If I keep a footman, I take a possible plowman from the plow. The destruction of wealth involved in a general illumination or the firing of a salute is equivalent to the burning up of so much food; the keeping of a regiment of soldiers, or of a war-ship and her crew, is the diversion to unproductive uses of labor that could produce subsistence for many thousands of people. Thus the power of any popu-

lation to produce the necessaries of life is not to be measured by the necessaries of life actually produced, but by the expenditure of power in all modes.

There is no necessity for abstract reasoning. The question is one of simple fact. Does the relative power of producing wealth decrease with the increase of population?

The facts are so patent that it is only necessary to call attention to them. We have, in modern times, seen many communities advance in population. Have they not at the same time advanced even more rapidly in wealth? We see many communities still increasing in population. Are they not also increasing their wealth still faster? Where will you find wealth devoted with the most lavishness to non-productive use—costly buildings, fine furniture, luxurious equipages, statues, pictures, pleasure gardens and yachts? Is it not where population is densest rather than where it is sparsest? Where will you find in largest proportion those whom the general production suffices to keep without productive labor on their part—men of income and of elegant leisure, thieves, policemen, menial servants, lawyers, men of letters, and the like? Is it not where population is dense rather than where it is sparse? Whence is it that capital overflows for remunerative investment? Is it not from densely populated countries to sparsely populated countries? These things conclusively show that wealth is greatest where population is densest; that the production of wealth to a given amount of labor increases as population increases. These things are apparent wherever we turn our eyes.

It may, however, be said that the superior wealth of older countries is due not to superior productive power, but to the accumulations of wealth which the new country has not yet had time to make.

It will be well for a moment to consider this idea of accumulated wealth. The truth is, that wealth can be accumulated but to a slight degree, and that communities really live, as the vast majority of individuals live, from

hand to mouth. Wealth will not bear much accumulation; except in a few unimportant forms it will not keep. The matter of the universe, which, when worked up by labor into desirable forms, constitutes wealth, is constantly tending back to its original state. Some forms of wealth will last for a few hours, some for a few days, some for a few months, some for a few years; and there are very few forms of wealth that can be passed from one generation to another. Take wealth in some of its most useful and permanent forms—ships, houses, railways, machinery. Unless labor is constantly exerted in preserving and renewing them, they will almost immediately become useless. Stop labor in any community, and wealth would vanish almost as the jet of a fountain vanishes when the flow of water is shut off. Let labor again exert itself, and wealth will almost as immediately reappear. This has been long noticed where war or other calamity has swept away wealth, leaving population unimpaired.

Whether we compare different communities with each other, or the same community at different times, it is obvious that the progressive state, which is marked by increase of population, is also marked by an increased consumption and an increased accumulation of wealth, not merely in the aggregate, but per capita. And hence, increase of population, so far as it has yet anywhere gone, does not mean a reduction, but an increase in the average production of wealth.

And the reason of this is obvious. For, even if the increase of population does reduce the power of the natural factor of wealth, by compelling a resort to poorer soils, etc., it yet so vastly increases the power of the human factor as more than to compensate. Twenty men working together will, where nature is niggardly, produce more than twenty times the wealth that one man can produce where nature is most bountiful. The denser the population the more minute becomes the subdivision of labor, the greater the economies of production and distribution, and, hence,

the very reverse of the Malthusian doctrine is true; and, within the limits in which we have reason to suppose increase would still go on, in any given state of civilization a greater number of people can produce a larger proportionate amount of wealth, and more fully supply their wants, than can a smaller number.

Look simply at the facts. Can anything be clearer than that the cause of the poverty which festers in the centers of civilization is not in the weakness of the productive forces? In countries where poverty is deepest, the forces of production are evidently strong enough, if fully employed, to provide for the lowest not merely comfort but luxury.

It is this very fact—that want appears where productive power is greatest and the production of wealth is largest—that constitutes the enigma which perplexes the civilized world, and which we are trying to unravel. Evidently the Malthusian theory, which attributes want to the decrease of productive power, will not explain it. That theory is utterly inconsistent with all the facts. It is really a gratuitous attribution to the laws of God of results which, even from this examination, we may infer really spring from the maladjustments of men.

BOOK III

THE LAWS OF DISTRIBUTION

CHAPTER I. THE INQUIRY NARROWED TO THE LAWS OF DISTRIBUTION—THE NECESSARY RELATION OF THESE LAWS

THE cause which, in spite of the enormous increase of productive power, confines the great body of producers to the least share of the product upon which they will consent to live, must be sought in the laws which govern distribution. To them let us turn.

To discover the cause which, as population increases and the productive arts advance, deepens the poverty of the lowest class, we must find the law which determines what part of the produce is distributed to labor as wages.

To find the law of wages, or at least to make sure when we have found it, we must also determine the laws which fix the part of the produce which goes to capital and the part which goes to land owners, for as land, labor, and capital join in producing wealth, it is between these three that the produce must be divided.

What is meant by the produce or production of a community is the sum of the wealth produced by that community—the general fund from which, as long as previously existing stock is not lessened, all consumption must be met and all revenues drawn.

Production does not merely mean the making of things, but includes the increase of value gained by transporting or exchanging things. There is a produce of wealth in a purely commercial community, as there is in a purely agricultural or manufacturing community; and in the one case, as in the others, some part of this produce will go

to capital, some part to labor, and some part, if land have any value, to the owners of land. As a matter of fact, a portion of the wealth produced is constantly going to the replacement of capital, which is constantly consumed and constantly replaced. But it is not necessary to take this into account, as it is eliminated by considering capital as continuous, which, in speaking or thinking of it, we habitually do. When we speak of the produce, we mean, therefore, that part of the wealth produced above what is necessary to replace the capital consumed in production; and when we speak of interest, or the return to capital, we mean what goes to capital after its replacement or maintenance.

It is, further, a matter of fact, that in every community which has passed the most primitive stage some portion of the produce is taken in taxation and consumed by government. But it is not necessary, in seeking the laws of distribution, to take this into consideration. We may consider taxation either as not existing, or as by so much reducing the produce. And so, too, of what is taken from the produce by certain forms of monopoly which exercise powers analogous to taxation. After we have discovered the laws of distribution we can then see what bearing, if any, taxation has upon them.

As the three factors in production are Land, Labor, and Capital, the whole produce is primarily distributed into three corresponding parts. Three terms, therefore, are needed, each of which shall clearly express one of these parts to the exclusion of the others. Rent, as defined, clearly enough expresses the first of these parts—that which goes to the owners of land. Wages, as defined, clearly enough expresses the second—that part which constitutes the return to labor. But as to the third term—that which should express the return to capital—there is danger of ambiguity and confusion.

Interest comes nearest of words in common use to exclusively expressing the idea of return for the use of Cap-

ital. As commonly used, this word implies the return for the use of capital, exclusive of any labor in its use or management, and exclusive of any risk, except such as may be involved in the security. The word profits, as commonly used, is almost synonymous with revenue; it means a gain, an amount received in excess of an amount expended, and frequently includes receipts that are properly rent; while it nearly always includes receipts which are properly wages, as well as compensations for the risk peculiar to the various uses of capital. Unless extreme violence is done to the meaning of the word, it cannot, therefore, be used to signify that share of the produce which goes to capital, in contradistinction to those parts which go to labor and to land owners.

The laws of the distribution of Wealth are obviously laws of proportion, and must be so related to each other that any two being given the third may be inferred. For to say that one of the three parts of a whole is increased or decreased, is to say that one or both of the other parts is, reversely, decreased or increased. Let us, then, seek the true laws of the distribution of the produce of labor into Wages, Rent, and Interest. The proof that we have found them will be in their correlation—that they meet, and relate, and mutually bound each other.

With profits this inquiry has manifestly nothing to do. We want to find what it is that determines the division of their joint produce between land, labor, and capital; and profits is not a term that refers exclusively to any one of these three divisions. Of the three parts into which profits have been divided by political economists—namely, compensation for risk, wages of superintendence, and return for the use of capital—the latter falls under the term interest, which includes all the returns for the use of capital, and excludes everything else; wages of superintendence falls under the term wages, which includes all returns for human exertion, and excludes everything else; and compensation for risk has no place whatever, as risk

is eliminated when all the transactions of a community are taken together.

To recapitulate:

Land, Labor, and Capital are the factors of production. The term Land includes all natural opportunities or forces; the term Labor, all human exertion; and the term Capital, all wealth used to produce more wealth. In returns to these three factors is the whole produce distributed. That part which goes to land owners as payment for the use of natural opportunities is called Rent; that part which constitutes the reward of human exertion is called Wages; and that part which constitutes the return for the use of capital is called Interest. These terms mutually exclude each other. The income of any individual may be made up from any one, two, or all three of these sources; but in the effort to discover the laws of distribution we must keep them separate.

There must be land before labor can be exerted, and labor must be exerted before capital can be produced. Capital is a result of labor, and is used by labor to assist it in further production. Labor is the active and initial force, and labor is therefore the employer of capital. Labor can be exerted only upon land, and it is from land that the matter which it transmutes into wealth must be drawn. Land therefore is the condition precedent, the field and material of labor. The natural order is land, labor, capital; and, instead of starting from capital as our initial point, we should start from land.

There is another thing to be observed. Capital is not a necessary factor in production. Labor exerted upon land can produce wealth without the aid of capital, and in the necessary genesis of things must so produce wealth before capital can exist. Therefore the law of rent and the law of wages must correlate each other and form a perfect whole without reference to the law of capital, as otherwise these laws would not fit the cases which can readily be

imagined, and which to some degree actually exist, in which capital takes no part in production. And as capital is stored-up products of labor, it is but a form of labor, a subdivision of the general term labor; and its law must be subordinate to, and independently correlate with, the law of wages, so as to fit cases in which the whole produce is divided between labor and capital, without any deduction for rent.

CHAPTER II. RENT AND THE LAW OF RENT

THE term rent, when used, as I am using it, to distinguish that part of the produce which accrues to the owners of land or other natural capabilities by virtue of their ownership—differs in meaning from the word rent as commonly used. In some respects this economic meaning is narrower than the common meaning; in other respects it is wider.

It is narrower in this: In common speech, we apply the word rent to payments for the use of buildings, machinery, fixtures, etc., as well as to payments for the use of land or other natural capabilities; and in speaking of the rent of a house or the rent of a farm, we do not separate the price for the use of the improvements from the price for the use of the bare land. But in the economic meaning of rent, payments for the use of any of the products of human exertion are excluded, and of the lumped payments for the use of houses, farms, etc., only that part is rent which constitutes the consideration for the use of the land —that part paid for the use of buildings or other improvements being properly interest, as it is a consideration for the use of capital.

It is wider in this: In common speech we speak of rent only when owner and user are distinct persons. But in the economic sense there is also rent where the same person is both owner and user. Where owner and user are thus

the same person, whatever part of his income he might obtain by letting the land to another is rent, while the return for his labor and capital are that part of his income which they would yield him did he hire instead of owning the land. Rent is also expressed in a selling price. When land is purchased, the payment which is made for the ownership, or right to perpetual use, is rent commuted or capitalized. If I buy land for a small price and hold it until I can sell it for a large price, I have become rich, not by wages for my labor or by interest upon my capital, but by the increase of rent. Rent, in short, is the share in the wealth produced which the exclusive right to the use of natural capabilities gives to the owner. Wherever land has an exchange value there is rent in the economic meaning of the term. Wherever land having a value is used, either by owner or hirer, there is rent actual; wherever it is not used, but still has a value, there is rent potential. It is this capacity of yielding rent which gives value to land. Until its ownership will confer some advantage, land has no value.[1]

Thus rent or land value does not arise from the productiveness or utility of land. It in no wise represents any help or advantage given to production, but simply the power of securing a part of the results of production. No matter what are its capabilities, land can yield no rent and have no value until some one is willing to give labor or the results of labor for the privilege of using it; and what any one will thus give depends not upon the capacity of the land, but upon its capacity as compared with that of land that can be had for nothing. I may have very rich land, but it will yield no rent and have no value so long as there is other land as good to be had without cost. But when this other land is appropriated, and the best land to be had for nothing is inferior, either in fertility,

[1] In speaking of the value of land I use and shall use the words as referring to the value of the bare land. When I wish to speak of the value of land and improvements I shall use those words.

situation, or other quality, my land will begin to have a value and yield rent. And though the productiveness of my land may decrease, yet if the productiveness of the land to be had without charge decreases in greater proportion, the rent I can get, and consequently the value of my land, will steadily increase. Rent, in short, is the price of monopoly, arising from the reduction to individual ownership of natural elements which human exertion can neither produce nor increase.

If one man owned all the land accessible to any community, he could, of course, demand any price or condition for its use that he saw fit; and, as long as his ownership was acknowledged, the other members of the community would have but death or emigration as the alternative to submission to his terms. This has been the case in many communities; but in the modern form of society, the land, though generally reduced to individual ownership, is in the hands of too many different persons to permit the price which can be obtained for its use to be fixed by mere caprice or desire. While each individual owner tries to get all he can, there is a limit to what he can get, which constitutes the market price or market rent of the land, and which varies with different lands and at different times. The law, or relation, which, under these circumstances of free competition among all parties, the condition which in tracing out the principles of political economy is always to be assumed, determines what rent or price can be got by the owner, is styled the law of rent. This fixed with certainty, we have more than a starting point from which the laws which regulate wages and interest may be traced. For, as the distribution of wealth is a division, in ascertaining what fixes the share of the produce which goes as rent, we also ascertain what fixes the share which is left for wages, where there is no co-operation of capital; and what fixes the joint share left for wages and interest, where capital does co-operate in production.

Fortunately, as to the law of rent there is no necessity

for discussion. Authority here coincides with common sense.

The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.[1]

The mere statement of this law has all the force of a self-evident proposition, for it is clear that the effect of competition is to make the lowest reward for which labor and capital will engage in production, the highest that they can claim; and hence to enable the owner of more productive land to appropriate in rent all the return above that required to recompense labor and capital at the ordinary rate—that is to say, what they can obtain upon the least productive land in use, or at the least productive point, where, of course, no rent is paid.

Perhaps it may conduce to a fuller understanding of the law of rent to put it in this form: The ownership of a *natural agent of production* will give the power of appropriating so much of the wealth produced by the exertion of labor and capital upon it as exceeds the return which the same application of labor and capital could secure in the least productive occupation in which they freely engage.

This, however, amounts to precisely the same thing, for there is no occupation in which labor and capital can engage which does not require the use of land; and, furthermore, the cultivation or other use of land will always be carried to as low a point of remuneration, all things considered, as is freely accepted in any other pursuit.

Suppose, for instance, a community in which part of the labor and capital is devoted to agriculture and part to manufactures. The poorest land cultivated yields an average return which we will call 20, and 20 therefore will be the average return to labor and capital, as well in manufactures as in agriculture. Suppose that from

[1] Commonly known as Ricardo's law of Rent.

some permanent cause the return in manufactures is now reduced to 15. Clearly, the labor and capital engaged in manufactures will turn to agriculture; and the process will not stop until, either by the extension of cultivation to inferior lands or to inferior points on the same land, or by an increase in the relative value of manufactured products, owing to the diminution of production—or, as a matter of fact, by both processes—the yield to labor and capital in both pursuits has, all things considered, been brought again to the same level, so that whatever be the final point of productiveness at which manufactures are still carried on, whether it be 18 or 17 or 16, cultivation will also be extended to that point. And, thus, to say that rent will be the excess in productiveness over the yield at the margin, or lowest point, of cultivation, is the same thing as to say that it will be the excess of produce over what the same amount of labor and capital obtains in the least remunerative occupation.

The law of rent rests, in the last analysis, upon the fundamental principle, which is to political economy what the attraction of gravitation is to physics—that men will seek to gratify their desires with the least exertion.

Yet, is it not as plain as the simplest geometrical demonstration, that the corollary of the law of rent is the law of wages, where the division of the produce is simply between rent and wages; or the law of wages and interest taken together, where the division is into rent, wages, and interest?

Stated reversely, the law of rent is necessarily the law of wages and interest taken together, for it is the assertion, that no matter what be the production which results from the application of labor and capital, these two factors will receive in wages and interest only such part of the produce as they could have produced on land free to them without the payment of rent—that is, the least productive land or point in use. For, if, of the produce, all over the amount which labor and capital could secure from land for which

no rent is paid must go to land owners as rent, then all that can be claimed by labor and capital as wages and interest is the amount which they could have secured from land yielding no rent.

Or to put it in algebraic form:

As Produce=Rent+Wages+Interest,

Therefore, Produce—Rent=Wages+Interest.

The moment this simple relation is recognized, a flood of light streams in upon what was before inexplicable, and seemingly discordant facts range themselves under an obvious law. The increase of rent which goes on in progressive countries is at once seen to be the key which explains why wages and interest fail to increase with increase of productive power. For the wealth produced in every community is divided into two parts by what may be called the rent line, which is fixed by the margin of cultivation, or the return which labor and capital could obtain from such natural opportunities as are free to them without the payment of rent. From the part of the produce below this line wages and interest must be paid. All that is above goes to the owners of land. Thus, where the value of land is low, there may be a small production of wealth, and yet a high rate of wages and interest, as we see in new countries. And, where the value of land is high, there may be a very large production of wealth, and yet a low rate of wages and interest, as we see in old countries. And, where productive power increases, as it is increasing in all progressive countries, wages and interest will be affected, not by the increase, but by the manner in which rent is affected. If the value of land increases proportionately, all the increased production will be swallowed up by rent, and wages and interest will remain as before. If the value of land increases in greater ratio than productive power, rent will swallow up even more than the increase; and while the produce of labor and capital will be much larger, wages and interest will fall. It is only when the value of land fails to increase as rapidly as productive power, that

wages and interest can increase with the increase of productive power.

CHAPTER III. OF INTEREST AND THE CAUSE OF INTEREST

HAVING made sure of the law of rent, we have obtained as its necessary corollary the law of wages, where the division is between rent and wages; and the law of wages and interest taken together, where the division is between the three factors. What proportion of the produce is taken as rent must determine what proportion is left for wages, if but land and labor are concerned; or to be divided between wages and interest, if capital joins in the production. But without reference to this deduction, let us seek each of these laws separately and independently.

Inasmuch as the discovery of the law of wages is the ultimate purpose of our inquiry, let us take up first the subject of interest.

I have already referred to the difference in meaning between the terms profits and interest. It may be worth while, further, to say that interest, as an abstract term in the distribution of wealth, differs in meaning from the word as commonly used, in this: That it includes all returns for the use of capital, and not merely those that pass from borrower to lender; and that it excludes compensation for risk, which forms so great a part of what is commonly called interest. Compensation for risk is evidently only an equalization of return between different employments of capital. What we want to find is, what fixes the general rate of interest proper?

Let us begin at the beginning. The nature and functions of capital have already been sufficiently shown, but even at the risk of something like a digression, let us endeavor to ascertain the cause of interest before considering its law.

Why should interest be?

There are, so to speak, in the movements which make

up the everlasting flux of nature, certain vital currents, which will, if we use them, aid us, with a force independent of our own efforts, in turning matter into the forms we desire—that is to say, into wealth.

While many things might be mentioned which, like money, or planes, or planks, or engines, or clothing, have no innate power of increase, yet other things are included in the terms wealth and capital which, like bees or cattle, will of themselves increase in quantity; and certain other things, such as seeds, which, though the conditions which enable them to increase may not be maintained without labor, yet will, when these conditions are maintained, yield an increase, or give a return over and above that which is to be attributed to labor.

Now the interchangeability of wealth necessarily involves an average between all the species of wealth of any special advantage which accrues from the possession of any particular species, for no one would keep capital in one form when it could be changed into a more advantageous form. No one, for instance, would grind wheat into flour and keep it on hand for the convenience of those who desire from time to time to exchange wheat or its equivalent for flour, unless he could by such exchange secure an increase equal to that which, all things considered, he could secure by planting his wheat. No one, if he could keep them, would exchange a flock of sheep now for their net weight in mutton to be returned next year; for by keeping the sheep he would not only have the same amount of mutton next year, but also the lambs and the fleeces. No one would dig an irrigating ditch, unless those who by its aid are enabled to utilize the reproductive forces of nature would give him such a portion of the increase they receive as to make his capital yield him as much as theirs. And so, in any circle of exchange, the power of increase which the reproductive or vital force of nature gives to some species of capital must average with all; and he who lends, or uses in exchange, money, or planes, or bricks, or clothing, is

not deprived of the power to obtain an increase, any more than if he had lent or put to a reproductive use so much capital in a form capable of increase.

There is also in the utilization of the variations in the powers of nature and of man which is effected by exchange, an increase which somewhat resembles that produced by the vital forces of nature. In one place, for instance, a given amount of labor will secure 200 in vegetable food or 100 in animal food. In another place, these conditions are reversed, and the same amount of labor will produce 100 in vegetable food or 200 in animal. In the one place, the relative value of vegetable to animal food will be as two to one, and in the other as one to two; and, supposing equal amounts of each to be required, the same amount of labor will in either place secure 150 of both. But by devoting labor in the one place to the procurement of vegetable food, and in the other, to the procurement of animal food, and exchanging to the quantity required, the people of each place will be enabled by the given amount of labor to procure 200 of both, less the losses and expenses of exchange; so that in each place the produce which is taken from use and devoted to exchange brings back an increase. Thus Whittington's cat, sent to a far country where cats are scarce and rats are plenty, returns in bales of goods and bags of gold.

Of course, labor is necessary to exchange, as it is to the utilization of the reproductive forces of nature, and the produce of exchange, as the produce of agriculture, is clearly the produce of labor; but yet, in the one case as in the other, there is a distinguishable force co-operating with that of labor, which makes it impossible to measure the result solely by the amount of labor expended, but renders the amount of capital and the time it is in use integral parts in the sum of forces. Capital aids labor in all of the different modes of production, but there is a distinction between the relations of the two in such modes of production as consist merely of changing the form

or place of matter, as planing boards or mining coal; and such modes of production as avail themselves of the reproductive forces of nature, or of the power of increase arising from differences in the distribution of natural and human powers, such as the raising of grain or the exchange of wheat for sugar. In production of the first kind, labor alone is the efficient cause; when labor stops, production stops. When the carpenter drops his plane as the sun sets, the increase of value, which he with his plane is producing, ceases until he begins his labor again the following morning. When the factory bell rings for closing time, when the mine is shut down, production ends until work is resumed. The intervening time, so far as regards production, might as well be blotted out. The lapse of days, the change of seasons is no element in the production that depends solely upon the amount of labor expended. But in the other modes of production to which I have referred, and in which the part of labor may be likened to the operations of lumbermen who throw their logs into the stream, leaving it to the current to carry them to the boom of the sawmill many miles below, time *is* an element. The seed in the ground germinates and grows while the farmer sleeps or plows new fields, and the ever-flowing currents of air and ocean bear Whittington's cat toward the rat-tormented ruler in the regions of romance.

It is this general averaging, or as we may say, "pooling" of advantages, which necessarily takes place where the exigencies of society require the simultaneous carrying on of the different modes of production, which gives to the possession of wealth incapable in itself of increase an advantage similar to that which attaches to wealth used in such a way as to gain from the element of time. And, in the last analysis, the advantage which is given by the lapse of time springs from the generative force of nature and the varying powers of nature and of man.

Were the quality and capacity of matter everywhere uniform, and all productive power in man, there would

be no interest. The advantage of superior tools might at times be transferred on terms resembling the payment of interest, but such transactions would be irregular and intermittent—the exception, not the rule. For the power of obtaining such returns would not, as now, inhere in the possession of capital, and the advantage of time would operate only in peculiar circumstances.

When we come to analyze production we find it to fall into three modes—viz:

ADAPTING, or changing natural products either in form or in place so as to fit them for the satisfaction of human desire.

GROWING, or utilizing the vital forces of nature, as by raising vegetables or animals.

EXCHANGING, or utilizing, so as to add to the general sum of wealth, the higher powers of those natural forces which vary with locality, or of those human forces which vary with situation, occupation, or character.

In each of these three modes of production capital may aid labor—or, to speak more precisely, in the first mode capital *may* aid labor, but is not absolutely necessary; in the others capital *must* aid labor, or is necessary.

Now, while by adapting capital in proper forms we may increase the effective power of labor to impress upon matter the character of wealth, as when we adapt wood and iron to the form and use of a plane; or iron, coal, water, and oil to the form and use of a steam engine; or stone, clay, timber, and iron to that of a building, yet the characteristic of this use of capital is, that the benefit is in the *use*. When, however, we employ capital in the second of these modes, as when we plant grain in the ground, or place animals on a stock farm, the benefit arises, not from the use, but from the *increase*. And so, when we employ capital in the third of these modes, and instead of using a thing we exchange it, the benefit is in the increase or greater value of the things received in return.

Primarily, the benefits which arise from *use* go to labor,

and the benefits which arise from *increase*, to capital. But, inasmuch as the division of labor and the interchangeability of wealth necessitate and imply an averaging of benefits, in so far as these different modes of production correlate with each other, the benefits that arise from one will average with the benefits that arise from the others, for neither labor nor capital will be devoted to any mode of production while any other mode which is open to them will yield a greater return. That is to say, labor expended in the first mode of production will get, not the whole return, but the return minus such part as is necessary to give to capital such an increase as it could have secured in the other modes of production, and capital engaged in the second and third modes will obtain, not the whole increase, but the increase minus what is sufficient to give to labor such reward as it could have secured if expended in the first mode.

Thus interest springs from the power of increase which the reproductive forces of nature, and in the effect analogous capacity for exchange, give to capital. It is not an arbitrary, but a natural thing; it is not the result of a particular social organization, but of laws of the universe which underlie society. It is therefore just.

CHAPTER IV. OF SPURIOUS CAPITAL AND OF PROFITS OFTEN MISTAKEN FOR INTEREST

Land values, which constitute such an enormous part of what is commonly called capital, are not capital. Rent, which is as commonly included in the receipts of capital, and which takes an ever-increasing portion of the produce of an advancing community, is not the earnings of capital, and must be carefully separated from interest.

Stocks, bonds, etc., which constitute another great part of what is commonly called capital, are not capital; but, in some of their shapes, these evidences of indebtedness so closely resemble capital and in some cases actually per-

form, or seem to perform, the functions of capital, while they yield a return to their owners which is not only spoken of as interest, but has every semblance of interest, that it is worth while, before attempting to clear the idea of interest from some other ambiguities that beset it, to speak of these at length.

Nothing can be capital, let it always be remembered, that is not wealth—that is to say, nothing can be capital that does not consist of actual, tangible things, not the spontaneous offerings of nature, which have in themselves, and not by proxy, the power of directly or indirectly ministering to human desire.

Thus, a government bond is not capital, nor yet is it the representative of capital. The capital that was once received for it by the government has been consumed unproductively—blown away from the mouths of cannon, used up in war ships, expended in keeping men marching and drilling, killing and destroying. The bond cannot represent capital that has been destroyed. It is simply a solemn declaration that the government will, some time or other, take by taxation from the then existing stock of the people, so much wealth, which it will turn over to the holder of the bond; and that, in the meanwhile, it will, from time to time, take, in the same way, enough to make up to the holder the increase which so much capital as it some day promises to give him would yield him were it actually in his possession. The immense sums which are thus taken from the produce of every modern country to pay interest on public debts are not the earnings or increase of capital—are not really interest, but are taxes levied on the produce of labor and capital, leaving so much less for wages and so much less for real interest.

But, supposing the bonds have been issued for the deepening of a river bed, the construction of lighthouses, or the erection of a public market; or supposing, to embody the same idea while changing the illustration, they have been issued by a railroad company. Here they do repre-

sent capital, existing and applied to productive uses, and like stock in a dividend-paying company may be considered as evidences of the ownership of capital. But they can be so considered only in so far as they actually represent capital, and not as they have been issued in excess of the capital used.

Every one knows the tyranny and rapacity with which capital when concentrated in large amounts is frequently wielded to corrupt, to rob, and to destroy. What I wish to call the reader's attention to is that profits thus derived are not to be confounded with the legitimate returns of capital as an agent of production.

Any analysis will show that much of the profits which are, in common thought, confounded with interest are in reality due, not to the power of capital, but to the power of concentrated capital, or of concentrated capital acting upon bad social adjustments. And it will also show that what are clearly and properly wages of superintendence are very frequently confounded with the earnings of capital.

And, so, profits properly due to the elements of risk are frequently confounded with interest. Some people acquire wealth by taking chances which to the majority of people must necessarily bring loss. Such are many forms of speculation. Nerve, judgment, the possession of capital, skill in what in lower forms of gambling are known as the arts of the confidence man and blackleg, give advantage to the individual; but, just as at a gambling table, whatever one gains some one else must lose.

CHAPTER V. THE LAW OF INTEREST

Let us turn now to the law of interest, keeping in mind two things to which attention has heretofore been called—viz:

First—That it is not capital which employs labor, but labor which employs capital.

Second—That capital is not a fixed quantity, but can always be increased or decreased, (1) by the greater or less application of labor to the production of capital, and (2) by the conversion of wealth into capital, or capital into wealth, for capital being but wealth applied in a certain way, wealth is the larger and inclusive term.

It is manifest that under conditions of freedom the maximum that can be given for the use of capital will be the increase it will bring, and the minimum or zero will be the replacement of capital; for above the one point the borrowing of capital would involve a loss, and below the other, capital could not be maintained.

Observe, again: It is not the increased efficiency given to labor by the adaptation of capital to any special form or use which fixes this maximum, but the average power of increase which belongs to capital generally. The power of applying itself in advantageous forms is a power of labor, which capital as capital cannot claim nor share.

Now, if the vital forces of nature which give an advantage to the element of time be the cause of interest, it would seem to follow that this maximum rate of interest would be determined by the strength of these forces and the extent to which they are engaged in production. But while the reproductive force of nature seems to vary enormously, as, for instance, between the salmon, which spawns thousands of eggs, and the whale, which brings forth a single calf at intervals of years; between the rabbit and the elephant, the thistle and the gigantic redwood, it appears from the way the natural balance is maintained that there is an equation between the reproductive and destructive forces of nature, which in effect brings the principle of increase to a uniform point. This natural balance man has within narrow limits the power to disturb, and by the modification of natural conditions may avail himself at will of the varying strength of the reproductive force in nature. But when he does so, there arises from the wide scope of his desires another principle which brings

about in the increase of wealth a similar equation and balance to that which is effected in nature between the different forms of life. This equation exhibits itself through values. If, in a country adapted to both, I go to raising rabbits and you to raising horses, my rabbits may, until the natural limit is reached, increase faster than your horses. But my capital will not increase faster, for the effect of the varying rates of increase will be to lower the value of rabbits as compared with horses, and to increase the value of horses as compared with rabbits.

Though the varying strength of the vital forces of nature is thus brought to uniformity, there may be a difference in the different stages of social development as to the proportionate extent to which, in the aggregate production of wealth, these vital forces are enlisted. But as to this, there are two remarks to be made. In the first place, although in such a country as England the part taken by manufactures in the aggregate wealth production has very much increased as compared with the part taken by agriculture, yet it is to be noticed that to a very great extent this is true only of the political or geographical division, and not of the industrial community. For industrial communities are not limited by political divisions, or bounded by seas or mountains. They are limited only by the scope of their exchanges.

Although in the progress of civilization the tendency is to the relative increase of manufactures, as compared with agriculture, and consequently to a proportionately less reliance upon the reproductive forces of nature, yet this is accompanied by a corresponding extension of exchanges, and hence a greater calling in of the power of increase which thus arises. So these tendencies, to a great extent, and, probably, so far as we have yet gone, completely, balance each other, and preserve the equilibrium which fixes the average increase of capital, or the normal rate of interest.

Now, this normal point of interest, which lies between

the necessary maximum and the necessary minimum of the return to capital, must, wherever it rests, be such that all things (such as the feeling of security, desire for accumulation, etc.) considered, the reward of capital and the reward of labor will be equal—that is to say, will give an equally attractive result for the exertion or sacrifice involved. It is impossible, perhaps, to formulate this point, as wages are habitually estimated in quantity and interest in a ratio; but if we suppose a given quantity of wealth to be the produce of a given amount of labor, co-operating for a stated time with a certain amount of capital, the proportion in which the produce would be divided between the labor and the capital would afford a comparison.

There must be such a point at, or rather, about, which the rate of interest must tend to settle; since, unless such an equilibrium were effected, labor would not accept the use of capital, or capital would not be placed at the disposal of labor. For labor and capital are but different forms of the same thing—human exertion. Capital is produced by labor; it is, in fact, but labor impressed upon matter—labor stored up in matter, to be released again as needed, as the heat of the sun stored up in coal is released in the furnace. The use of capital in production is, therefore, but a mode of labor. As capital can be used only by being consumed, its use is the expenditure of labor, and for the maintenance of capital, its production by labor must be commensurate with its consumption in aid of labor.

Hence the principle that, under circumstances which permit free competition, operates to bring wages to a common standard and profits to a substantial equality—the principle that men will seek to gratify their desires with the least exertion—operates to establish and maintain this equilibrium between wages and interest.

This natural relation between interest and wages—this equilibrium at which both will represent equal returns to equal exertions—may be stated in a form which suggests

a relation of opposition; but this opposition is only apparent. In a partnership between Dick and Harry, the statement that Dick receives a certain proportion of the profits implies that the portion of Harry is less or greater as Dick's is greater or less; but where, as in this case, each gets only what he adds to the common fund, the increase of the portion of the one does not decrease what the other receives.

And this relation fixed, it is evident that interest and wages must rise and fall together, and that interest cannot be increased without increasing wages; nor wages lowered without depressing interest. For if wages fall, interest must also fall in proportion, else it becomes more profitable to turn labor into capital than to apply it directly; while, if interest falls, wages must likewise proportionately fall, or else the increment of capital would be checked.

We are, of course, not speaking of particular wages and particular interest, but of the general rate of wages and the general rate of interest, meaning always by interest the return which capital can secure, less insurance and wages of superintendence. In a particular case, or a particular employment, the tendency of wages and interest to an equilibrium may be impeded; but between the general rate of wages and the general rate of interest, this tendency must be prompt to act. For though in a particular branch of production the line may be clearly drawn between those who furnish labor and those who furnish capital, yet even in communities where there is the sharpest distinction between the general class laborers and the general class capitalists, these two classes shade off into each other by imperceptible gradations, and on the extremes where the two classes meet in the same persons, the interaction which restores equilibrium, or rather prevents its disturbance, can go on without obstruction, whatever obstacles may exist where the separation is complete. Furthermore, it must be remembered, that capital is but a

portion of wealth, distinguished from wealth generally only by the purpose to which it is applied, and, hence, the whole body of wealth has upon the relations of capital and labor the same equalizing effect that a fly-wheel has upon the motion of machinery, taking up capital when it is in excess and giving it out again when there is a deficiency.

To recapitulate: There is a certain relation or ratio between wages and interest, fixed by causes, which, if not absolutely permanent, slowly change, at which enough labor will be turned into capital to supply the capital which, in the degree of knowledge, state of the arts, density of population, character of occupations, variety, extent and rapidity of exchanges will be demanded for production, and this relation or ratio the interaction of labor and capital constantly maintains; hence interest must rise and fall with the rise and fall of wages.

So we may put the law of interest in a form which directly connects it with the law of rent, by saying that the general rate of interest will be determined by the return to capital upon the poorest land to which capital is freely applied—that is to say, upon the best land open to it without the payment of rent. Thus we bring the law of interest into a form which shows it to be a corollary of the law of rent.

That interest must decrease as rent increases, we can plainly see if we eliminate wages. To do this, we must imagine what Carlyle would have called a fool's paradise, where the production of wealth went on without the aid of labor, and solely by the reproductive force of capital—where sheep bore ready-made clothing on their backs, cows presented butter and cheese, and oxen, when they got to the proper point of fatness, carved themselves into beefsteaks and roasting ribs; where houses grew from the seed, and a jackknife thrown upon the ground would take root and in due time bear a crop of assorted cutlery. Imagine certain capitalists transported, with their capital in ap-

propriate forms, to such a place. Manifestly, they would get, as the return for their capital, the whole amount of wealth it produced only so long as none of its produce was demanded as rent. When rent arose, it would come out of the produce of capital, and as it increased, the return to the owners of capital must necessarily diminish. If we imagine the place where capital possessed this power of producing wealth without the aid of labor to be of limited extent, say an island, we shall see that as soon as capital had increased to the limit of the island to support it, the return to capital must fall to a trifle above its minimum of mere replacement, and the land owners would receive nearly the whole produce as rent, for the only alternative capitalists would have would be to throw their capital into the sea. Or, if we imagine such an island to be in communication with the rest of the world, the return to capital would settle at the rate of return in other places. Interest there would be neither higher nor lower than anywhere else. Rent would obtain the whole of the superior advantage, and the land of such an island would have a great value.

To sum up, the law of interest is this:

The relation between wages and interest is determined by the average power of increase which attaches to capital from its use in reproductive modes. As rent arises, interest will fall as wages fall, or will be determined by the margin of cultivation.

In truth, the primary division of wealth in distribution is dual, not tripartite. Capital is but a form of labor, and its distinction from labor is in reality but a subdivision, just as the division of labor into skilled and unskilled would be.

In our examination we have reached the same point as would have been attained had we simply treated capital as a form of labor, and sought the law which divides the produce between rent and wages; that is to say, between

the possessors of the two factors, natural substances and powers, and human exertion—which two factors by their union produce all wealth.

CHAPTER VI. WAGES AND THE LAW OF WAGES

We have by inference already obtained the law of wages. But to verify the deduction and to strip the subject of all ambiguities, let us seek the law from an independent starting point.

There is, of course, no such thing as a common rate of wages, in the sense that there is at any given time and place a common rate of interest. Wages, which include all returns received from labor, not only vary with the differing powers of individuals, but, as the organization of society becomes elaborate, vary largely as between occupations. Nevertheless, there is a certain general relation between all wages, so that we express a clear and well-understood idea when we say that wages are higher or lower in one time or place than in another. In their degrees, wages rise and fall in obedience to a common law. What is this law?

The fundamental principle of human action—the law that is to political economy what the law of gravitation is to physics—is that men seek to gratify their desires with the least exertion. Evidently, this principle must bring to an equality, through the competition it induces, the reward gained by equal exertions under similar circumstances. When men work for themselves, this equalization will be largely affected by the equation of prices; and between those who work for themselves and those who work for others, the same tendency to equalization will operate. Now, under this principle, what, in conditions of freedom, will be the terms at which one man can hire others to work for him? Evidently, they will be fixed by what the men could make if laboring for themselves. The principle which will prevent him from having to give anything

above this, except what is necessary to induce the change, will also prevent them from taking less. Did they demand more, the competition of others would prevent them from getting employment. Did he offer less, none would accept the terms, as they could obtain greater results by working for themselves. Thus, although the employer wishes to pay as little as possible, and the employee to receive as much as possible, wages will be fixed by the value or produce of such labor to the laborers themselves. If wages are temporarily carried either above or below this line, a tendency to carry them back at once arises.

But the result, or the earnings of labor, as is readily seen in those primary and fundamental occupations in which labor first engages, and which, even in the most highly developed condition of society, still form the base of production, does not depend merely upon the intensity or quality of the labor itself. Wealth is the product of two factors, land and labor, and what a given amount of labor will yield will vary with the powers of the natural opportunities to which it is applied. This being the case, the principle that men seek to gratify their desires with the least exertion will fix wages at the produce of such labor at the point of highest natural productiveness open to it. Now, by virtue of the same principle, the highest point of natural productiveness open to labor under existing conditions will be the lowest point at which production continues, for men, impelled by a supreme law of the human mind to seek the satisfaction of their desires with the least exertion, will not expend labor at a lower point of productiveness while a higher is open to them. Thus the wages which an employer must pay will be measured by the lowest point of natural productiveness to which production extends, and wages will rise or fall as this point rises or falls.

To illustrate: In a simple state of society, each man, as is the primitive mode, works for himself—some in hunting, let us say, some in fishing, some in cultivating the

ground. Cultivation, we will suppose, has just begun, and the land in use is all of the same quality, yielding a similar return to similar exertions. Wages, therefore—for, though there is neither employer nor employed, there are yet wages—will be the full produce of labor, and, making allowance for the difference of agreeableness, risk, etc., in the three pursuits, they will be on the average equal in each—that is to say, equal exertions will yield equal results. Now, if one of their number wishes to employ some of his fellows to work for him instead of for themselves, he must pay wages fixed by this full, average produce of labor.

Let a period of time elapse. Cultivation has extended, and, instead of land of the same quality, embraces lands of different qualities. Wages, now, will not be as before, the average produce of labor. They will be the average produce of labor at the margin of cultivation, or the point of lowest return. For, as men seek to satisfy their desires with the least possible exertion, the point of lowest return in cultivation must yield to labor a return equivalent to the average return in hunting and fishing.[1] Labor will no longer yield equal returns to equal exertions, but those who expend their labor on the superior land will obtain a greater produce for the same exertion than those who cultivate the inferior land. Wages, however, will still be equal, for this excess which the cultivators of the superior land receive is in reality rent, and if land has been subjected to individual ownership will give it a value. Now, if, under these changed circumstances, one member of this community wishes to hire others to work for him, he will have to pay only what the labor yields at the lowest point of cultivation. If thereafter the margin of cultivation sinks to points of lower and lower productiveness, so must wages sink; if, on the contrary, it rises, so also must wages rise; for, just as a free body tends to take the shortest route to the earth's center, so do men seek the easiest mode to the gratification of their desires.

[1] This equalization will be effected by the equation of prices.

Here, then, we have the *law of wages,* as a deduction from a principle most obvious and most universal. That wages depend upon the margin of cultivation—that they will be greater or less as the produce which labor can obtain from the highest natural opportunities open to it is greater or less, flows from the principle that men will seek to satisfy their wants with the least exertion.

Now, if we turn from simple social states to the complex phenomena of highly civilized societies, we shall find upon examination that they also fall under this law.

In such societies, wages differ widely, but they still bear a more or less definite and obvious relation to each other. This relation is not invariable, as at one time a philosopher of repute may earn by his lectures many fold the wages of the best mechanic, and at another can hardly hope for the pay of a footman; as in a great city occupations may yield relatively high wages, which in a new settlement would yield relatively low wages; yet these variations between wages may, under all conditions, and in spite of arbitrary divergences caused by custom, law, etc., be traced to certain circumstances.

The effect of all the circumstances which give rise to the differences between wages in different occupations may be included as supply and demand, and it is perfectly correct to say that the wages in different occupations will vary relatively according to differences in the supply and demand of labor—meaning by demand the call which the community as a whole makes for services of the particular kind, and by supply the relative amount of labor which, under the existing conditions, can be determined to the performance of those particular services.

But though this is true as to the relative differences of wages, when it is said, as is commonly said, that the general rate of wages is determined by supply and demand, the words are meaningless. For supply and demand are but relative terms. The supply of labor can only mean labor offered in exchange for labor or the produce of

labor, and the demand for labor can only mean labor or the produce of labor offered in exchange for labor. Supply is thus demand, and demand supply, and, in the whole community, one must be co-extensive with the other. What conceals the absurdity of speaking generally of supply and demand in reference to labor is the habit of considering the demand for labor as springing from capital and as something distinct from labor; but the analysis to which this idea has been heretofore subjected has sufficiently shown its fallacy. It is indeed evident from the mere statement, that wages can never permanently exceed the produce of labor, and hence that there is no fund from which wages can for any time be drawn, save that which labor constantly creates.

It is, indeed, evident from observation, as it must be from theory, that whatever be the circumstances which produce the differences of wages in different occupations, and although they frequently vary in relation to each other, producing, as between time and time, and place and place, greater or less relative differences, yet the rate of wages in one occupation is always dependent on the rate in another, and so on, down, until the lowest and widest stratum of wages is reached, in occupations where the demand is more nearly uniform and in which there is the greatest freedom to engage.

For, although barriers of greater or less difficulty may exist, the amount of labor which can be determined to any particular pursuit is nowhere absolutely fixed. All mechanics could act as laborers, and many laborers could readily become mechanics; all storekeepers could act as shopmen, and many shopmen could easily become storekeepers; many farmers would, upon inducement, become hunters or miners, fishermen or sailors, and many hunters, miners, fishermen, and sailors know enough of farming to turn their hands to it on demand. In each occupation there are men who unite it with others, or who alternate between occupations, while the young men who are constantly com-

ing in to fill up the ranks of labor are drawn in the direction of the strongest inducements and least resistances. And further than this, all the gradations of wages shade into each other by imperceptible degrees, instead of being separated by clearly defined gulfs. The wages, even of the poorer paid mechanics, are generally higher than the wages of simple laborers, but there are always some mechanics who do not, on the whole, make as much as some laborers; the best paid lawyers receive much higher wages than the best paid clerks, but the best paid clerks make more than some lawyers, and in fact the worst paid clerks make more than the worst paid lawyers. Thus, on the verge of each occupation, stand those to whom the inducements between one occupation and another are so nicely balanced that the slightest change is sufficient to determine their labor in one direction or another. Thus, any increase or decrease in the demand for labor of a certain kind cannot, except temporarily, raise wages in that occupation above, nor depress them below, the relative level with wages in other occupations, which is determined by the circumstances previously adverted to, such as relative agreeableness or continuity of employment, etc. Even, as experience shows, where artificial barriers are imposed to this interaction, such as limiting laws, guild regulations, the establishment of caste, etc., they may interfere with, but cannot prevent, the maintenance of this equilibrium. They operate only as dams, which pile up the water of a stream above its natural level, but cannot prevent its overflow.

Thus, although they may from time to time alter in relation to each other, as the circumstances which determine relative levels change, yet it is evident that wages in all strata must ultimately depend upon wages in the lowest and widest stratum—the general rate of wages rising or falling as these rise or fall.

Now, the primary and fundamental occupations, upon which, so to speak, all others are built up, are evidently those which procure wealth directly from nature; hence

the law of wages in them must be the general law of wages. And, as wages in such occupations clearly depend upon what labor can produce at the lowest point of natural productiveness to which it is habitually applied; therefore, wages generally depend upon the margin of cultivation, or, to put it more exactly, upon the highest point of natural productiveness to which labor is free to apply itself without the payment of rent.

The law of wages we have thus obtained is that which we previously obtained as the corollary of the law of rent, and it completely harmonizes with the law of interest. It is, that:

Wages depend upon the margin of production, or upon the produce which labor can obtain at the highest point of natural productiveness open to it without the payment of rent.

This law of wages accords with and explains universal facts that without its apprehension seem unrelated and contradictory. It shows that:

Where land is free and labor is unassisted by capital, the whole produce will go to labor as wages.

Where land is free and labor is assisted by capital, wages will consist of the whole produce, less that part necessary to induce the storing up of labor as capital.

Where land is subject to ownership and rent arises, wages will be fixed by what labor could secure from the highest natural opportunities open to it without the payment of rent.

Where natural opportunities are all monopolized, wages may be forced by the competition among laborers to the minimum at which laborers will consent to reproduce.

In its simpler manifestations, this law of wages is recognized by people who do not trouble themselves about political economy, just as the fact that a heavy body would fall to the earth was long recognized by those who never thought of the law of gravitation. It does not require

a philosopher to see that if in any country natural opportunities were thrown open which would enable laborers to make for themselves wages higher than the lowest now paid, the general rate of wages would rise. It requires no fine-spun theory to explain why wages are so high relatively to production in new countries where land is yet unmonopolized. The cause is on the surface. One man will not work for another for less than his labor will really yield, when he can go upon the next quarter section and take up a farm for himself. It is only as land becomes monopolized and these natural opportunities are shut off from labor, that laborers are obliged to compete with each other for employment, and it becomes possible for the farmer to hire hands to do his work while he maintains himself on the difference between what their labor produces and what he pays them for it.

Perhaps it may be well to remind the reader that I am using the word wages not in the sense of a quantity, but in the sense of a proportion. When I say that wages fall as rent rises, I do not mean that the quantity of wealth obtained by laborers as wages is necessarily less, but that the proportion which it bears to the whole produce is necessarily less. The proportion may diminish while the quantity remains the same or even increases.

CHAPTER VII. THE CORRELATION AND CO-ORDINATION OF THESE LAWS

The law of interest, the law of wages, and the law of rent are necessary deductions from the all-compelling fundamental law, that men seek to gratify their desires with the least exertion.

Rent depends on the margin of cultivation, rising as it falls and falling as it rises.

Wages depend on the margin of cultivation, falling as it falls and rising as it rises.

Interest (its ratio with wages being fixed by the net

power of increase which attaches to capital) depends on the margin of cultivation, falling as it falls and rising as it rises.

CHAPTER VIII. THE STATICS OF THE PROBLEM THUS EXPLAINED

We have now obtained a clear, simple, and consistent theory of the distribution of wealth, which accords with first principles and existing facts, and which, when understood, will commend itself as self-evident.

The truth I wish to make clear is naturally perceived, and has been recognized in the infancy of every people, being obscured only by the complexities of the civilized state, the warpings of selfish interests, and the false direction which the speculations of the learned have taken. To recognize it, we have but to come back to first principles and heed simple perceptions. Nothing can be clearer than the proposition that the failure of wages to increase with increasing productive power is due to the increase of rent.

Three things unite to production—labor, capital, and land.

Three parties divide the produce—the laborer, the capitalist, and the land owner.

If, with an increase of production, the laborer gets no more and the capitalist no more, it is a necessary inference that the land owner reaps the whole gain.

And the facts agree with the inference. Though neither wages nor interest anywhere increase as material progress goes on, yet the invariable accompaniment and mark of material progress is the increase of rent—the rise of land values.

The increase of rent explains why wages and interest do not increase. The cause which gives to the land holder is the cause which denies to the laborer and capitalist. That wages and interest are higher in new than in old

countries is not because nature makes a greater return to the application of labor and capital, but because land is cheaper, and, therefore, as a smaller proportion of the return is taken by rent, labor and capital can keep for their share a larger proportion of what nature does return. It is not the total produce, but the net produce, after rent has been taken from it, that determines what can be divided as wages and interest. Hence, the rate of wages and interest is everywhere fixed, not so much by the productiveness of labor as by the value of land. Wherever the value of land is relatively low, wages and interest are relatively high; wherever land is relatively high, wages and interest are relatively low.

If production had not passed the simple stage in which all labor is directly applied to the land and all wages are paid in its produce, the fact that when the land owner takes a larger portion the laborer must put up with a smaller portion could not be lost sight of.

But the complexities of production in the civilized state, in which so great a part is borne by exchange, and so much labor is bestowed upon materials after they have been separated from the land, though they may to the unthinking disguise, do not alter the fact that all production is still the union of the two factors, land and labor, and that rent (the share of the land holder) cannot be increased except at the expense of wages (the share of the laborer) and interest (the share of capital). Just as the portion of the crop, which in the simpler forms of industrial organization the owner of agricultural land receives at the end of the harvest as his rent, lessens the amount left to the cultivator as wages and interest, so does the rental of land on which a manufacturing or commercial city is built lessen the amount which can be divided as wages and interest between the laborer and capital there engaged in the production and exchange of wealth.

In short, the value of land depending wholly upon the power which its ownership gives of appropriating wealth

created by labor, the increase of land values is always at the expense of the value of labor. And, hence, that the increase of productive power does not increase wages, is because it does increase the value of land. Rent swallows up the whole gain and pauperism accompanies progress.

BOOK IV

EFFECT OF MATERIAL PROGRESS UPON THE DISTRIBUTION OF WEALTH

CHAPTER I. THE DYNAMICS OF THE PROBLEM YET TO SEEK

We have not yet fully solved the problem which was at the outset proposed. To say that wages remain low because rent advances is like saying that a steamboat moves because its wheels turn around. The further question is, What causes rent to advance? What is the force or necessity that, as productive power increases, distributes a greater and greater proportion of the produce as rent?

Now, while it is unquestionably true that the increasing pressure of population which compels a resort to inferior points of production will raise rents, and does raise rents, I do not think that all the deductions commonly made from this principle are valid, nor yet that it fully accounts for the increase of rent as material progress goes on. There are evidently other causes which conspire to raise rent, but which seem to have been wholly or partially hidden by the erroneous views as to the functions of capital and genesis of wages which have been current. To see what these are, and how they operate, let us trace the effect of material progress upon the distribution of wealth.

The changes which constitute or contribute to material progress are three: (1) increase in population; (2) improvements in the arts of production and exchange; and (3) improvements in knowledge, education, government, police, manners, and morals, so far as they increase the power of producing wealth.

Considered in the light of material forces or economies,

the increase of knowledge, the betterment of government, etc., have the same effect as improvements in the arts. It will not therefore be necessary in this view to consider them separately.

To ascertain the effects of increase in production upon the distribution of wealth, let us consider the effects of increase of population apart from improvement in the arts, and then the effect of improvement in the arts apart from increase of population.

CHAPTER II. THE EFFECT OF INCREASE OF POPULATION UPON THE DISTRIBUTION OF WEALTH

The common presumption that recourse to lower points of production involves a smaller aggregate produce in proportion to the labor expended is a misapprehension. For increased population, of itself, and without any advance in the arts, implies an increase in the productive power of labor. The labor of 100 men, other things being equal, will produce much more than one hundred times as much as the labor of one man, and the labor of 1,000 men much more than ten times as much as the labor of 100 men; and, so, with every additional pair of hands which increasing population brings, there is a more than proportionate addition to the productive power of labor. Thus, with an increasing population, there may be a recourse to lower natural powers of production, not only without any diminution in the average production of wealth as compared to labor, but without any diminution at the lowest point. If population be doubled, land of but 20 productiveness may yield to the same amount of labor as much as land of 30 productiveness could before yield. For it must not be forgotten (what often *is* forgotten) that the productiveness either of land or labor is not to be measured in any one thing, but in all desired things. A settler and his family may raise as much corn on land a hundred miles away from the nearest habitation as they could raise were their

land in the center of a populous district. But in the populous district they could obtain with the same labor as good a living from much poorer land, or from land of equal quality could make as good a living after paying a high rent, because in the midst of a large population their labor would have become more effective; not, perhaps, in the production of corn, but in the production of wealth generally —or the obtaining of all the commodities and services which are the real object of their labor.

Even where there is a diminution in the productiveness of labor at the lowest point—that is to say, where the increasing demand for wealth has driven production to a lower point of natural productiveness than the addition to the power of labor from increasing population suffices to make up for—it does not follow that the aggregate production, as compared with the aggregate labor, has been lessened.

Let us suppose land of diminishing qualities. The best would naturally be settled first, and as population increased production would take in the next lower quality, and so on. But, as the increase of population, by permitting greater economies, adds to the effectiveness of labor, the cause which brought each quality of land successively into cultivation would at the same time increase the amount of wealth that the same quality of labor could produce from it. It would do more than this—it would increase the power of producing wealth on all the superior lands already in cultivation. If the relations of quantity and quality were such that increasing population added to the effectiveness of labor faster than it compelled a resort to less productive qualities of land, though the margin of cultivation would fall and rent would rise, the minimum return to labor would increase. That is to say, though wages as a proportion would fall, wages as a quantity would rise. The average production of wealth would increase.

If the relations were such that the increasing effective-

ness of labor just compensated for the diminishing productiveness of the land as it was called into use, the effect of increasing population would be to increase rent by lowering the margin of cultivation without reducing wages as a quantity, and to increase the average production.

If we now suppose population still increasing, but, between the poorest quality of land in use and the next lower quality, to be a difference so great that the increased power of labor which comes with the increased population that brings it into cultivation cannot compensate for it—the minimum return to labor will be reduced, and with the rise of rents, wages will fall, not only as a proportion, but as a quantity. But unless the descent in the quality of land is far more precipitous than we can well imagine, or than, I think, ever exists, the average production will still be increased, for the increased effectiveness which comes by reason of the increased population that compels resort to the inferior quality of land attaches to all labor, and the gain on the superior qualities of land will more than compensate for the diminished production on the quality last brought in. The aggregate wealth production, as compared with the aggregate expenditure of labor, will be greater, though its distribution will be more unequal.

Thus, increase of population, as it operates to extend production to lower natural levels, operates to increase rent and reduce wages as a proportion, and may or may not reduce wages as a quantity; while it seldom can, and probably never does, reduce the aggregate production of wealth as compared with the aggregate expenditure of labor, but on the contrary increases, and frequently largely increases it.

But while the increase of population thus increases rent by lowering the margin of cultivation, it is a mistake to look upon this as the only mode by which rent advances as population grows. Increasing population increases rent without reference to the natural qualities of land, for the increased powers of co-operation and exchange which come

with increased population are equivalent to—nay, I think we can say without metaphor, that they give—an increased capacity to land.

I do not mean to say merely that, like an improvement in the methods or tools of production, the increased power which comes with increased population gives to the same labor an increased result, which is equivalent to an increase in the natural powers of land; but that it brings out a superior power in labor, which is localized on land—which attaches not to labor generally, but only to labor exerted on particular land; and which thus inheres in the land as much as any qualities of soil, climate, mineral deposit, or natural situation, and passes, as they do, with the possession of the land.

An improvement in the method of cultivation which, with the same outlay, will give two crops a year in place of one, or an improvement in tools and machinery which will double the result of labor, will manifestly, on a particular piece of ground, have the same effect on the produce as a doubling of the fertility of the land. But the improvement in method or in tools can be utilized on any land; the improvement in fertility can be utilized only on the particular land to which it applies.

Now, in large part, the increased productiveness of labor which arises from increased population can be utilized only on particular land, and on particular land in greatly varying degrees.

Here, let us imagine, is an unbounded savannah, stretching off in unbroken sameness of grass and flower, tree and rill, till the traveler tires of the monotony. Along comes the wagon of the first immigrant. Where to settle he cannot tell—every acre seems as good as every other acre. As to wood, as to water, as to fertility, as to situation, there is absolutely no choice, and he is perplexed by the embarrassment of richness. Tired out with the search for one place that is better than another, he stops—somewhere, anywhere—and starts to make himself a home. The soil

is virgin and rich, game is abundant, the streams flash with the finest trout. Nature is at her very best. He has what, were he in a populous district, would make him rich; but he is very poor. To say nothing of the mental craving, which would lead him to welcome the sorriest stranger, he labors under all the material disadvantages of solitude. He can get no temporary assistance for any work that requires a greater union of strength than that afforded by his own family, or by such help as he can permanently keep. Though he has cattle, he cannot often have fresh meat, for to get a beefsteak he must kill a bullock. He must be his own blacksmith, wagonmaker, carpenter, and cobbler—in short, a "jack of all trades and master of none." He cannot have his children schooled, for, to do so, he must himself pay and maintain a teacher. Such things as he cannot produce himself, he must buy in quantities and keep on hand, or else go without, for he cannot be constantly leaving his work and making a long journey to the verge of civlization; and when forced to do so, the getting of a vial of medicine or the replacement of a broken auger may cost him the labor of himself and horses for days. Under such circumstances, though nature is prolific, the man is poor. It is an easy matter for him to get enough to eat; but beyond this, his labor will suffice to satisfy only the simplest wants in the rudest way.

Soon there comes another immigrant. Although every quarter section of the boundless plain is as good as every other quarter section, he is not beset by any embarrassment as to where to settle. Though the land is the same, there is one place that is clearly better for him than any other place, and that is where there is already a settler and he may have a neighbor. He settles by the side of the first comer, whose condition is at once greatly improved, and to whom many things are now possible that were before impossible, for two men may help each other to do things that one man could never do.

Another immigrant comes, and, guided by the same at-

traction, settles where there are already two. Another, and another, until around our first comer there are a score of neighbors. Labor has now an effectiveness which, in the solitary state, it could not approach. If heavy work is to be done, the settlers have a log-rolling, and together accomplish in a day what singly would require years. When one kills a bullock, the others take part of it, returning when they kill, and thus they have fresh meat all the time. Together they hire a schoolmaster, and the children of each are taught for a fractional part of what similar teaching would have cost the first settler. It becomes a comparatively easy matter to send to the nearest town, for some one is always going. But there is less need for such journeys. A blacksmith and a wheelwright soon set up shops, and our settler can have his tools repaired for a small part of the labor it formerly cost him. A store is opened and he can get what he wants as he wants it; a post-office, soon added, gives him regular communication with the rest of the world. Then comes a cobbler, a carpenter, a harness-maker, a doctor; and a little church soon arises. Satisfactions become possible that in the solitary state were impossible. There are gratifications for the social and the intellectual nature—for that part of the man that rises above the animal. The power of sympathy, the sense of companionship, the emulation of comparison and contrast, open a wider, and fuller, and more varied life. In rejoicing, there are others to rejoice; in sorrow, the mourners do not mourn alone. There are husking bees, and apple parings, and quilting parties. Though the ballroom be unplastered and the orchestra but a fiddle, the notes of the magician are yet in the strain, and Cupid dances with the dancers. At the wedding, there are others to admire and enjoy; in the house of death, there are watchers; by the open grave, stands human sympathy to sustain the mourners. Occasionally, comes a straggling lecturer to open up glimpses of the world of science, of literature, or of art; in election times, come stump speakers, and the citizen rises

to a sense of dignity and power, as the cause of empires is tried before him in the struggle of John Doe and Richard Roe for his support and vote. And, by and by, comes the circus, talked of months before, and opening to children whose horizon has been the prairie, all the realms of the imagination—princes and princesses of fairy tale, mail-clad crusaders and turbaned Moors, Cinderella's fairy coach, and the giants of nursery lore; lions such as crouched before Daniel, or in circling Roman amphitheater tore the saints of God; ostriches who recall the sandy deserts; camels such as stood around when the wicked brethren raised Joseph from the well and sold him into bondage; elephants such as crossed the Alps with Hannibal, or felt the sword of the Maccabees; and glorious music that thrills and builds in the chambers of the mind as rose the sunny dome of Kubla Khan.

Go to our settler now, and say to him: "You have so many fruit trees which you planted; so much fencing, such a well, a barn, a house—in short, you have by your labor added so much value to this farm. Your land itself is not quite so good. You have been cropping it, and by and by it will need manure. I will give you the full value of all your improvements if you will give it to me, and go again with your family beyond the verge of settlement." He would laugh at you. His land yields no more wheat or potatoes than before, but it does yield far more of all the necessaries and comforts of life. His labor upon it will bring no heavier crops, and, we will suppose, no more valuable crops, but it will bring far more of all the other things for which men work. The presence of other settlers —the increase of population—has added to the productiveness, in these things, of labor bestowed upon it, and this added productiveness gives it a superiority over land of equal natural quality where there are as yet no settlers. If no land remains to be taken up, except such as is as far removed from population as was our settler's land when he first went upon it, the value or rent of this land will be

measured by the whole of this added capability. If, however, as we have supposed, there is a continuous stretch of equal land, over which population is now spreading, it will not be necessary for the new settler to go into the wilderness, as did the first. He will settle just beyond the other settlers, and will get the advantage of proximity to them. The value or rent of our settler's land will thus depend on the advantage which it has, from being at the center of population, over that on the verge. In the one case, the margin of production will remain as before; in the other, the margin of production will be raised.

Population still continues to increase, and as it increases so do the economies which its increase permits, and which in effect add to the productiveness of the land. Our first settler's land, being the center of population, the store, the blacksmith's forge, the wheelwright's shop, are set up on it, or on its margin, where soon arises a village, which rapidly grows into a town, the center of exchanges for the people of the whole district. With no greater agricultural productiveness than it had at first, this land now begins to develop a productiveness of a higher kind. To labor expended in raising corn, or wheat, or potatoes, it will yield no more of those things than at first; but to labor expended in the subdivided branches of production which require proximity to other producers, and, especially, to labor expended in that final part of production, which consists in distribution, it will yield much larger returns. The wheat-grower may go further on, and find land on which his labor will produce as much wheat, and nearly as much wealth; but the artisan, the manufacturer, the storekeeper, the professional man, find that their labor expended here, at the center of exchanges, will yield them much more than if expended even at a little distance away from it; and this excess of productiveness for such purposes the land-owner can claim just as he could an excess in its wheat-producing power. And so our settler is able to sell in building lots a few of his acres for prices which it would

not bring for wheat-growing if its fertility had been multiplied many times. With the proceeds, he builds himself a fine house, and furnishes it handsomely. That is to say, to reduce the transaction to its lowest terms, the people who wish to use the land build and furnish the house for him, on condition that he will let them avail themselves of the superior productiveness which the increase of population has given the land.

Population still keeps on increasing, giving greater and greater utility to the land, and more and more wealth to its owner. The town has grown into a city—a St. Louis, a Chicago, or a San Francisco—and still it grows. Production is here carried on upon a great scale, with the best machinery and the most favorable facilities; the division of labor becomes extremely minute, wonderfully multiplying efficiency; exchanges are of such volume and rapidity that they are made with the minimum of friction and loss. Here is the heart, the brain, of the vast social organism that has grown up from the germ of the first settlement; here has developed one of the great ganglions of the human world. Hither run all roads, hither set all currents, through all the vast regions round about. Here, if you have anything to sell, is the market; here, if you have anything to buy, is the largest and the choicest stock. Here intellectual activity is gathered into a focus, and here springs that stimulus which is born of the collision of mind with mind. Here are the great libraries, the storehouses and granaries of knowledge, the learned professors, the famous specialists. Here are museums and art galleries, collections of philosophical apparatus, and all things rare, and valuable, and best of their kind. Here come great actors, and orators, and singers, from all over the world. Here, in short, is a center of human life, in all its varied manifestations.

So enormous are the advantages which this land now offers for the application of labor that instead of one man with a span of horses scratching over acres, you may count

in places thousands of workers to the acre, working tier on tier, on floors raised one above the other, five, six, seven, and eight stories from the ground, while underneath the surface of the earth engines are throbbing with pulsations that exert the force of thousands of horses.

All these advantages attach to the land; it is on this land and no other that they can be utilized, for here is the center of population—the focus of exchanges, the market place and workshop of the highest forms of industry. The productive powers which density of population has attached to this land are equivalent to the multiplication of its original fertility by the hundred fold and the thousand fold. And rent, which measures the difference between this added productiveness and that of the least productive land in use, has increased accordingly. Our settler, or whoever has succeeded to his right to the land, is now a millionaire. Like another Rip Van Winkle, he may have lain down and slept; still he is rich—not from anything he has done, but from the increase of population. There are lots from which for every foot of frontage the owner may draw more than an average mechanic can earn; there are lots that will sell for more than would suffice to pave them with gold coin. In the principal streets are towering buildings, of granite, marble, iron, and plate glass, finished in the most expensive style, replete with every convenience. Yet they are not worth as much as the land upon which they rest—the same land, in nothing changed, which when our first settler came upon it had no value at all.

That this is the way in which the increase of population powerfully acts in increasing rent, whoever, in a progressive country, will look around him, may see for himself. The process is going on under his eyes. The increasing difference in the productiveness of the land in use, which causes an increasing rise in rent, results not so much from the necessities of increased population compelling the resort to inferior land, as from the increased productiveness

which increased population gives to the lands already in use. The most valuable lands on the globe, the lands which yield the highest rent, are not lands of surpassing natural fertility, but lands to which a surpassing utility has been given by the increase of population.

It is a well provisioned ship, this on which we sail through space. If the bread and beef above decks seem to grow scarce, we but open a hatch and there is a new supply, of which before we never dreamed. And very great command over the services of others comes to those who as the hatches are opened are permitted to say, "This is mine!"

To recapitulate: The effect of increasing population upon the distribution of wealth is to increase rent, and consequently to diminish the proportion of the produce which goes to capital and labor, in two ways: First, By lowering the margin of cultivation. Second, By bringing out in land special capabilities otherwise latent, and by attaching special capabilities to particular lands.

CHAPTER III. THE EFFECT OF IMPROVEMENTS IN THE ARTS UPON THE DISTRIBUTION OF WEALTH

ELIMINATING improvements in the arts, we have seen the effects of increase of population upon the distribution of wealth. Eliminating increase of population, let us now see what effect improvements in the arts of production have upon distribution.

The effect of labor-saving improvements is to increase the production of wealth. Now, for the production of wealth, two things are required—labor and land. Therefore, the effect of labor-saving improvements is to extend the demand for land, and wherever the limit of the quality of land in use is reached, to bring into cultivation lands of less natural productiveness, or to extend cultivation on the same lands to a point of lower natural productiveness. And thus, while the primary effect of labor-saving

improvements is to increase the power of labor, the secondary effect is to extend cultivation, and, where this lowers the margin of cultivation, to increase rent. Where land is entirely appropriated, as in England, or where it is either appropriated or is capable of appropriation as rapidly as it is needed for use, as in the United States, the ultimate effect of labor-saving machinery or improvements is to increase rent without increasing wages or interest.

Wealth in all its forms being the product of labor applied to land or the products of land, any increase in the power of labor, the demand for wealth being unsatisfied, will be utilized in procuring more wealth, and thus increase the demand for land.

I do not mean to say that the lowering of the margin of production would always exactly correspond with the increase in productive power, any more than I mean to say that the process would be one of clearly defined steps. Whether, in any particular case, the lowering of the margin of production lags behind or exceeds the increase in productive power, will depend, I conceive, upon what may be called the area of productiveness that can be utilized before cultivation is forced to the next lowest point.

All I wish to make clear is that, without any increase in population, the progress of invention constantly tends to give a larger proportion of the produce to the owners of land, and a smaller and smaller proportion to labor and capital.

And, as we can assign no limits to the progress of invention, neither can we assign any limits to the increase of rent, short of the whole produce. For, if labor-saving inventions went on until perfection was attained, and the necessity of labor in the production of wealth was entirely done away with, then everything that the earth could yield could be obtained without labor, and the mar-

gin of cultivation would be extended to zero. Wages would be nothing, and interest would be nothing, while rent would take everything. For the owners of the land, being enabled without labor to obtain all the wealth that could be procured from nature, there would be no use for either labor or capital, and no possible way in which either could compel any share of the wealth produced. And no matter how small population might be, if anybody but the land owners continued to exist, it would be at the whim or by the mercy of the land owners—they would be maintained either for the amusement of the land owners, or, as paupers, by their bounty.

In what has preceded, I have, of course, spoken of inventions and improvements when generally diffused. It is hardly necessary to say that as long as an invention or an improvement is used by so few that they derive a special advantage from it, it does not, to the extent of this special advantage, affect the general distribution of wealth.

As has before been said, in the improvements which advance rent, are not only to be included the improvements which directly increase productive power, but also such improvements in government, manners, and morals as indirectly increase it. Considered as material forces, the effect of all these is to increase productive power, and, like improvements in the productive arts, their benefit is ultimately monopolized by the possessors of the land.

CHAPTER IV. EFFECT OF THE EXPECTATION RAISED BY MATERIAL PROGRESS

THERE is a cause, not yet adverted to, which must be taken into consideration fully to explain the influence of material progress upon the distribution of wealth.

That cause is the confident expectation of the future enhancement of land values, which arises in all progressive

countries from the steady increase of rent, and which leads to speculation, or the holding of land for a higher price than it would then otherwise bring.

We have hitherto assumed that the actual margin of cultivation always coincides with what may be termed the necessary margin of cultivation—that is to say, we have assumed that cultivation extends to less productive points only as it becomes necessary from the fact that natural opportunities are at the more productive points fully utilized.

This, probably, is the case in stationary or very slowly progressing communities, but in rapidly progressing communities, where the swift and steady increase of rent gives confidence to calculations of further increase, it is not the case. In such communities, the confident expectation of increased prices produces, to a greater or less extent, the effects of a combination among land holders, and tends to the withholding of land from use, in expectation of higher prices, thus forcing the margin of cultivation farther than required by the necessities of production.

In communities like the United States, where the user of land generally prefers, if he can, to own it, and where there is a great extent of land to overrun, this cause operates with enormous power.

The immense area over which the population of the United States is scattered shows this. The man who sets out from the Eastern seaboard in search of the margin of cultivation, where he may obtain land without paying rent, must pass for long distances through half-tilled farms, and traverse vast areas of virgin soil, before he reaches the point where land can be had free of rent—*i.e.*, by homestead entry or pre-emption. He (and, with him, the margin of cultivation) is forced so much farther than he otherwise need have gone, by the speculation which is holding these unused lands in expectation of increased value in the future. And when he settles, he will, in his turn, take up, if he can, more land than he can use, in the belief that it

will soon become valuable; and so those who follow him are again forced farther on than the necessities of production require, carrying the margin of cultivation to still less productive, because still more remote points.

If the land of superior quality as to location were always fully used before land of inferior quality were resorted to, no vacant lots would be left as a city extended, nor would we find miserable shanties in the midst of costly buildings. These lots, some of them extremely valuable, are withheld from use, or from the full use to which they might be put, because their owners, not being able or not wishing to improve them, prefer, in expectation of the advance of land values, to hold them for a higher rate than could now be obtained from those willing to improve them. And, in consequence of this land being withheld from use, or from the full use of which it is capable, the margin of the city is pushed away so much farther from the center.

But when we reach the limits of the growing city—the actual margin of building, which corresponds to the margin of cultivation in agriculture—we shall not find the land purchasable at its value for agricultural purposes, as it would be were rent determined simply by present requirements; but we shall find that for a long distance beyond the city, land bears a speculative value, based upon the belief that it will be required in the future for urban purposes, and that to reach the point at which land can be purchased at a price not based upon urban rent, we must go very far beyond the actual margin of urban use.

That mineral land, when reduced to private ownership, is frequently withheld from use while poorer deposits are worked, is well known, and in new States it is common to find individuals who are called "land poor"—that is, who remain poor, sometimes almost to deprivation, because they insist on holding land, which they themselves cannot use, at prices at which no one else can profitably use it.

Whether we formulate it as an extension of the margin

of production, or as a carrying of the rent line beyond the margin of production, the influence of speculation in land in increasing rent is a great fact which cannot be ignored in any complete theory of the distribution of wealth in progressive countries. It is the force, evolved by material progress, which tends constantly to increase rent in a greater ratio than progress increases production, and thus constantly tends, as material progress goes on and productive power increases, to reduce wages, not merely relatively, but absolutely.

The cause which limits speculation in commodities, the tendency of increasing price to draw forth additional supplies, cannot limit the speculative advance in land values, as land is a fixed quantity, which human agency can neither increase nor diminish; but there is nevertheless a limit to the price of land, in the minimum required by labor and capital as the condition of engaging in production. If it were possible continuously to reduce wages until zero were reached, it would be possible continuously to increase rent until it swallowed up the whole produce. But as wages cannot be permanently reduced below the point at which laborers will consent to work and reproduce, nor interest below the point at which capital will be devoted to production, there is a limit which restrains the speculative advance of rent. Hence speculation cannot have the same scope to advance rent in countries where wages and interest are already near the minimum, as in countries where they are considerably above it.

BOOK V

THE PROBLEM SOLVED

CHAPTER V. THE PRIMARY CAUSE OF RECURRING PAROXYSMS OF INDUSTRIAL DEPRESSION

A CONSIDERATION of the manner in which the speculative advance in land values cuts down the earnings of labor and capital and checks production leads, I think, irresistibly to the conclusion that this is the main cause of periodical industrial depressions.

I do not mean to say that there are not other proximate causes. But, both from the consideration of principles and the observation of phenomena, it is clear that the great initiatory cause is to be looked for in the speculative advance of land values.

Given a progressive community, in which population is increasing and one improvement succeeds another, and land must constantly increase in value. This steady increase naturally leads to speculation in which future increase is anticipated, and land values are carried beyond the point at which, under the existing conditions of production, their accustomed returns would be left to labor and capital. Production, therefore, begins to stop. Not that there is necessarily, or even probably, an absolute diminution in production; but that there is what in a progressive community would be equivalent to an absolute diminution of production in a stationary community—a failure in production to increase proportionately, owing to the failure of new increments of labor and capital to find employment at the accustomed rates.

This stoppage of production at some points must nec-

essarily show itself at other points of the industrial network, in a cessation of demand, which would again check production there, and thus the paralysis would communicate itself through all the interlacings of industry and commerce, producing everywhere a partial disjointing of production and exchange, and resulting in the phenomena that seem to show overproduction or overconsumption, according to the standpoint from which they are viewed.

The period of depression thus ensuing would continue until (1) the speculative advance in rents had been lost; or (2) the increase in the efficiency of labor, owing to the growth of population and the progress of improvement, had enabled the normal rent line to overtake the speculative rent line; or (3) labor and capital had become reconciled to engaging in production for smaller returns. Or, most probably, all three of these causes would cooperate to produce a new equilibrium, at which all the forces of production would again engage, and a season of activity ensue; whereupon rent would begin to advance again, a speculative advance again take place, production again be checked, and the same round be gone over.

These seasons of depression are always preceded by seasons of activity and speculation, but as to the manner in which the depression results from the speculation, there are two classes or schools of opinion.

One school says that the speculation produced the depression by causing overproduction.

The other school says that the speculation produced the depression by leading to overconsumption.

Each of these theories evidently expresses one side or phase of a general truth, but each fails to comprehend the full truth. As an explanation of the phenomena, each is equally and utterly preposterous.

For while the great masses of men want more wealth than they can get, and while they are willing to give for it that which is the basis and raw material of wealth—their labor—how can there be overproduction? And

while the machinery of production wastes and producers are condemned to unwilling idleness, how can there be overconsumption?

When, with the desire to consume more, there co-exist the ability and willingness to produce more, industrial and commercial paralysis cannot be charged either to overproduction or to overconsumption. Manifestly, the trouble is that production and consumption cannot meet and satisfy each other.

How does this inability arise? It is evidently and by common consent the result of speculation. But of speculation in what? Certainly not of speculation in things which are the products of labor—in agricultural or mineral productions, or manufactured goods, for the effect of speculation in such things is simply to equalize supply and demand, and to steady the interplay of production and consumption by an action analogous to that of a fly-wheel in a machine.

If speculation be the cause of these industrial depressions, it must be speculation in things not the production of labor, but yet necessary to the exertion of labor in the production of wealth—of things of fixed quantity; that is to say, it must be speculation in land.

That this must be the main explanation of periods of depression will be seen by an analysis of the facts.

All trade is the exchange of commodities for commodities, and hence the cessation of demand for some commodities, which marks the depression of trade, is really a cessation in the supply of other commodities. That dealers find their sales declining and manufacturers find orders falling off, while the things which they have to sell, or stand ready to make, are things for which there is yet a widespread desire, simply shows that the supply of other things, which in the course of trade would be given for them, has declined. In common parlance we say that "buyers have no money," or that "money is becoming scarce," but in talking in this way we ignore the fact

that money is but the medium of exchange. What the would-be buyers really lack is not money, but commodities which they can turn into money—what is really becoming scarcer is produce of some sort. The diminution of the effective demand of consumers is therefore but a result of the diminution of production.

This is seen very clearly by storekeepers in a manufacturing town when the mills are shut down and operatives thrown out of work. It is the cessation of production which deprives the operatives of means to make the purchases they desire, and thus leaves the storekeeper with what, in view of the lessened demand, is a superabundant stock, and forces him to discharge some of his clerks and otherwise reduce his demands. And the cessation of demand (I am speaking, of course, of general cases and not of any alteration in relative demand from such causes as change of fashion), which has left the manufacturer with superabundant stock and compelled him to discharge his hands, must arise in the same way. Somewhere, it may be at the other end of the world, a check in production has produced a check in the demand for consumption. That demand is lessened without want being satisfied, shows that production is somewhere checked.

People want the things the manufacturer makes as much as ever, just as the operatives want the things the storekeeper has to sell. But they do not have as much to give for them. Production has somewhere been checked, and this reduction in the supply of some things has shown itself in cessation of demand for others, the check propagating itself through the whole framework of industry and exchange.

Now, the industrial pyramid manifestly rests on the land. The primary and fundamental occupations, which create a demand for all others, are evidently those which extract wealth from nature, and, hence, if we trace from one exchange point to another, and from one occupation

to another, this check to production, which shows itself in decreased purchasing power, we must ultimately find it in some obstacle which checks labor in expending itself on land. And that obstacle, it is clear, is the speculative advance in rent, or the value of land, which produces the same effects, as in fact, it is, a lock-out of labor and capital by land owners. This check to production, beginning at the basis of interlaced industry, propagates itself from exchange point to exchange point, cessation of supply becoming failure of demand, until, so to speak, the whole machine is thrown out of gear, and the spectacle is everywhere presented of labor going to waste while laborers suffer from want.

This strange and unnatural spectacle of large numbers of willing men who cannot find employment is enough to suggest the true cause to whosoever can think consecutively. For, though custom has dulled us to it, it *is* a strange and unnatural thing that men who wish to labor, in order to satisfy their wants, cannot find the opportunity. We talk about the "want of work," but, evidently, it is not work that is short while want continues; evidently, the supply of labor cannot be too great, nor the demand for labor too small, when people suffer for the lack of things that labor produces.

Take the case of any one of the masses of unemployed men, to whom it seems at times that there are too many people in the world. In his own wants, in the needs of his anxious wife, in the demands of his half-cared-for, perhaps even hungry and shivering children, there is demand enough for labor, Heaven knows! In his own willing hands is the supply. Put him on a solitary island, and though cut off from all the enormous advantages which the co-operation, combination, and machinery of a civilized community give to the productive powers of man, yet his two hands can fill the mouths and keep warm the backs that depend upon them. But where productive power is at its highest development they cannot. Why?

Is it not because in the one case he has access to the material and forces of nature, and in the other this access is denied?

To be sure, the proximate cause of enforced idleness with one set of men may be the cessation of demand on the part of other men for the particular things they produce, but trace this cause from point to point, from occupation to occupation, and you will find that enforced idleness in one trade is caused by enforced idleness in another, and that the paralysis which produces dullness in all trades cannot be said to spring from too great a supply of labor or too small a demand for labor, but must proceed from the fact that supply cannot meet demand by producing the things which satisfy want and are the object of labor, because what is necessary to enable labor to produce these things is land, and land is not to be had.

When in all trades there is what we call scarcity of employment; when, everywhere, labor wastes, while desire is unsatisfied, must not the obstacle which prevents labor from producing the wealth it needs, lie at the foundation of the industrial structure? That foundation is land. Milliners, optical instrument makers, gilders, and polishers, are not the pioneers of new settlements.

It is not the growth of the city that develops the country, but the development of the country that makes the city grow. And, hence, when, through all trades, men willing to work cannot find opportunity to do so, the difficulty must arise in the employment that creates a demand for all other employments—it must be because labor is shut out from land. Now, why is it that unemployed labor cannot employ itself upon the land? Not that the land is all in use. There is always an abundance of unused land—enough to give employment to every man who wants it. I do not mean to say that every unemployed man could turn farmer or build himself a house, if he had the land; but that enough could and would do so to give employment to the rest. What is it, then, that pre-

vents labor from employing itself on this land? Simply, that it is monopolized and held at speculative prices, based not upon present value, but upon the added value that will come with future growth of population.[1]

The primary operations of this cause can, perhaps, be nowhere more clearly traced than in California, which, from its comparative isolation, constituted a peculiarly well-defined community. Until almost its close, the decade immediately following the Civil War was marked in California by the same industrial activity which was shown throughout the civilized world. With this material progress went on a steady enhancement in land values—its consequence. This steady advance engendered a speculative advance, which, with the railroad era, ran up land values in every direction. If the population of California had steadily grown when the long, costly, fever-haunted Isthmus route was the principal mode of communication with the Atlantic States, it must, it was thought, increase enormously with the opening of a road which would bring New York harbor and San Francisco Bay within seven days' easy travel, and when in the State itself the locomotive took the place of stage coach and freight wagon. The expected increase of land values which would thus accrue was discounted in advance. Lots on the outskirts of San Francisco rose hundreds and thousands per cent., and farming land was taken up and held for high prices, in whichever direction an immigrant was likely to go.

But the anticipated rush of immigrants did not take place. Labor and capital could not pay so much for land

[1] It is astonishing how in a new country of great expectations speculative prices of land will be kept up. It is common to hear the expression, "There is no market for real estate; you cannot sell it at any price," and yet, at the same time, if you go to buy it, unless you find somebody who is absolutely compelled to sell, you must pay the prices that prevailed when speculation ran high. For owners, believing that land values must ultimately advance, hold on as long as they can.

and make fair returns. Production was checked, if not absolutely, at least relatively. As the transcontinental railroad approached completion, instead of increased activity symptoms of depression began to manifest themselves; and, when it was completed, to the season of activity had succeeded a period of depression, during which wages and interest steadily fell.

Now, what thus went on in California went on in every progressive section of the Union. Everywhere that a railroad was built or projected, land was monopolized in anticipation, and the benefit of the improvement was discounted in increased land values. The speculative advance in rent thus outrunning the normal advance, production was checked, demand was decreased, and labor and capital were turned back from occupations more directly concerned with land, to glut those in which the value of land is a less perceptible element.

There is one thing which, it may seem, I have overlooked, in attributing these industrial depressions to the speculative advance of rent or land values as a main and primary cause. The operation of such a cause, though it may be rapid, must be progressive—resembling a pressure, not a blow. But these industrial depressions seem to come suddenly—they have, at their beginning, the character of a paroxysm, followed by a comparative lethargy, as if of exhaustion. Everything seems to be going on as usual, commerce and industry vigorous and expanding, when suddenly there comes a shock, as of a thunderbolt out of a clear sky—a bank breaks, a great manufacturer or merchant fails, and, as if a blow had thrilled through the entire industrial organization, failure succeeds failure, and on every side workmen are discharged from employment, and capital shrinks into profitless security.

Let me explain what I think to be the reason of this: To do so, we must take into account the manner in which exchanges are made, for it is by exchanges that all the varied forms of industry are linked together into one

mutually related and interdependent organization. To enable exchanges to be made between producers far removed by space and time, large stocks must be kept in store and in transit, and this, as I have already explained, I take to be the great function of capital, in addition to that of supplying tools and seed. These exchanges are, perhaps necessarily, largely made upon credit—that is to say, the advance upon one side is made before the return is received on the other.

Now, without stopping to inquire as to the causes, it is manifest that these advances are, as a rule, from the more highly organized and later developed industries to the more fundamental. Thus, as advances and credits are generally from what we may call the secondary, to what we may call the primary industries, it follows that any check to production which proceeds from the latter will not immediately manifest itself in the former. The system of advances and credits constitutes, as it were, an elastic connection, which will give considerably before breaking, but which, when it breaks, will break with a snap.

That the main cause and general course of recurring paroxysms of industrial depression are thus explained, is, I think, clear. These temporary and recurring depressions exhibit, in fact, as was noticed in the opening chapter, but intensifications of the general movement which accompanies material progress.

CHAPTER II. THE PERSISTENCE OF POVERTY AMID ADVANCING WEALTH

THE great problem, of which recurring seasons of industrial depression are but peculiar manifestations, is now, I think, fully solved, and the social phenomena which all over the civilized world appall the philanthropist and perplex the statesman, which hang with clouds the future of the most advanced races, and suggest doubts of the reality

and ultimate goal of what we have fondly called progress, are now explained.

The reason why, in spite of the increase of productive power, wages constantly tend to a minimum which will give but a bare living, is that, with increase in productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages.

Land being necessary to labor, and being reduced to private ownership, every increase in the productive power of labor but increases rent—the price that labor must pay for the opportunity to utilize its powers; and thus all the advantages gained by the march of progress go to the owners of land, and wages do not increase.

The simple theory which I have outlined (if indeed it can be called a theory which is but the recognition of the most obvious relations) explains this conjunction of poverty with wealth, of low wages with high productive power, of degradation amid enlightenment, of virtual slavery in political liberty.

It harmonizes, as results flowing from a general and inexorable law, facts otherwise most perplexing, and exhibits the sequence and relation between phenomena that without reference to it are diverse and contradictory.

It explains why interest and wages are higher in new than in older communities, though the average, as well as the aggregate, production of wealth is less.

It explains why improvements which increase the productive power of labor and capital increase the reward of neither.

It explains what is commonly called the conflict between labor and capital, while proving the real harmony of interest between them.

It cuts the last inch of ground from under the fallacies of protection, while showing why free trade fails to benefit permanently the working classes.

It explains why want increases with abundance, and wealth tends to greater and greater aggregations.

It explains the periodically recurring depressions of industry without recourse either to the absurdity of "over-production" or the absurdity of "over-consumption."

It explains the enforced idleness of large numbers of would-be producers, which wastes the productive force of advanced communities, without the absurd assumption that there is too little work to do or that there are too many to do it.

It explains the ill effects upon the laboring classes which often follow the introduction of machinery, without denying the natural advantages which the use of machinery gives.

It explains the vice and misery which show themselves amid dense population, without attributing to the laws of the All-Wise and All-Beneficent defects which belong only to the short-sighted and selfish enactments of men.

The truth is self-evident. Put to any one capable of consecutive thought this question:

"Suppose there should arise from the English Channel or the German Ocean a No-man's land on which common labor to an unlimited amount should be able to make thirty shillings a day and which should remain unappropriated and of free access, like the commons which once comprised so large a part of English soil. What would be the effect upon wages in England?"

He would at once tell you that common wages throughout England must soon increase to thirty shillings a day.

And in response to another question, "What would be the effect on rents?" he would at a moment's reflection say that rents must necessarily fall; and if he thought out the next step he would tell you that all this would happen without any very large part of English labor being diverted to the new natural opportunities, or the forms and direction of industry being much changed; only that

kind of production being abandoned which now yields to labor and to landlord together less than labor could secure on the new opportunities. The great rise in wages would be at the expense of rent.

Take now the same man or another—some hard-headed business man, who has no theories, but knows how to make money. Say to him: "Here is a little village; in ten years it will be a great city—in ten years the railroad will have taken the place of the stage coach, the electric light of the candle; it will abound with all the machinery and improvements that so enormously multiply the effective power of labor. Will, in ten years, interest be any higher?"

He will tell you, "No!"

"Will the wages of common labor be any higher; will it be easier for a man who has nothing but his labor to make an independent living?"

He will tell you, "No; the wages of common labor will not be any higher; on the contrary, all the chances are that they will be lower; it will not be easier for the mere laborer to make an independent living; the chances are that it will be harder."

"What, then, will be higher?"

"Rent; the value of land. Go, get yourself a piece of ground, and hold possession."

And if, under such circumstances, you take his advice, you need do nothing more. You may sit down and smoke your pipe; you may lie around like the lazzaroni of Naples or the leperos of Mexico; you may go up in a balloon, or down a hole in the ground; and without doing one stroke of work, without adding one iota to the wealth of the community, in ten years you will be rich! In the new city you may have a luxurious mansion; but among its public buildings will be an almshouse.

In all our investigation we have been advancing to this simple truth: That as land is necessary to the exertion of labor in the production of wealth, to command the land

which is necessary to labor, is to command all the fruits of labor save enough to enable labor to exist. We have been advancing as through an enemy's country, in which every step must be secured, every position fortified, and every by-path explored; for this simple truth, in its application to social and political problems, is hid from the great masses of men partly by its very simplicity, and in greater part by widespread fallacies and erroneous habits of thought which lead them to look in every direction but the right one for an explanation of the evils which oppress and threaten the civilized world. And back of these elaborate fallacies and misleading theories is an active, energetic power, a power that in every country, be its political forms what they may, writes laws and molds thought—the power of a vast and dominant pecuniary interest.

But so simple and so clear is this truth, that to see it fully once is always to recognize it. There are pictures which, though looked at again and again, present only a confused labyrinth of lines or scroll work—a landscape, trees, or something of the kind—until once the attention is called to the fact that these things make up a face or a figure. This relation, once recognized, is always afterward clear.

It is so in this case. In the light of this truth all social facts group themselves in an orderly relation, and the most diverse phenomena are seen to spring from one great principle.

It is not in the relations of capital and labor; it is not in the pressure of population against subsistence, that an explanation of the unequaled development of our civilization is to be found. The great cause of inequality in the distribution of wealth is inequality in the ownership of land. The ownership of land is the great fundamental fact which ultimately determines the social, the political, and consequently the intellectual and moral condition of a people. And it must be so. For land is the habitation of man, the storehouse upon which he must draw for all

his needs, the material to which his labor must be applied for the supply of all his desires; for even the products of the sea cannot be taken, the light of the sun enjoyed, or any of the forces of nature utilized, without the use of land or its products. On the land we are born, from it we live, to it we return again—children of the soil as truly as is the blade of grass or the flower of the field. Take away from man all that belongs to land, and he is but a disembodied spirit. Material progress cannot rid us of our dependence upon land; it can but add to the power of producing wealth from land; and hence, when land is monopolized, it might go on to infinity without increasing wages or improving the condition of those who have but their labor. It can but add to the value of land and the power which its possession gives. Everywhere, in all times, among all peoples, the possession of land is the base of aristocracy, the foundation of great fortunes, the source of power. As said the Brahmins, ages ago—

"To whomsoever the soil at any time belongs, to him belong the fruits of it. White parasols and elephants mad with pride are the flowers of a grant of land."

BOOK VI

THE REMEDY

CHAPTER I. INSUFFICIENCY OF REMEDIES CURRENTLY ADVOCATED

THE remedy to which our conclusions point is at once radical and simple—so radical that, on the one side, it will not be fairly considered so long as any faith remains in the efficacy of less caustic measures; so simple that, on the other side, its real efficacy and comprehensiveness are likely to be overlooked, until the effect of more elaborate measures is estimated.

There are many persons who still retain a comfortable belief that material progress will ultimately extirpate poverty, and there are many who look to prudential restraint upon the increase of population as the most efficacious means, but the fallacy of these views has already been sufficiently shown. Let us now consider what may be hoped for: 1. From greater economy in government. 2. From the better education of the working classes and improved habits of industry and thrift. 3. From combinations of workmen for the advance of wages. 4. From the co-operation of labor and capital. 5. From governmental direction and interference. 6. From a more general distribution of land.

Under these six heads I think we may in essential form review all hopes and propositions for the relief of social distress short of the simple but far-reaching measure which I shall propose.

I.—From Greater Economy in Government

Social distress is still largely attributed to the immense burdens which existing governments impose—the great debts, the military and naval establishments, the extravagance which is characteristic as well of republican as of monarchical rulers, and especially characteristic of the administration of great cities. Now, there seems to be an evident connection between the immense sums thus taken from the people and the privations of the lower classes, and it is upon a superficial view natural to suppose that a reduction in the enormous burdens thus uselessly imposed would make it easier for the poorest to get a living. But if we were to reduce public expenditures to the lowest possible point, and meet them by revenue taxation, the benefit could certainly not be greater than that which railroads have brought. There would be more wealth left in the hands of the people as a whole, just as the railroads have put more wealth in the hands of the people as a whole, but the same inexorable laws would operate as to its distribution. The condition of those who live by their labor would not ultimately be improved. I do not say that governmental economy is not desirable; but simply that reduction in the expenses of government can have no direct effect in extirpating poverty and increasing wages, so long as land is monopolized.

Although this is true, yet even with sole reference to the interests of the lowest class, no effort should be spared to keep down useless expenditures. The more complex and extravagant government becomes, the more it gets to be a power distinct from and independent of the people, and the more difficult does it become to bring questions of real public policy to a popular decision. But no reduction in the expenses of government can of itself cure or mitigate the evils that arise from a constant tendency to the unequal distribution of wealth.

II.—From the Diffusion of Education and Improved Habits of Industry and Thrift

There is a widespread belief among the more comfortable classes that the poverty and suffering of the masses are due to their lack of industry, frugality, and intelligence. This belief, which at once soothes the sense of responsibility and flatters by its suggestion of superiority, is but natural for those who can trace their own better circumstances to the superior industry and frugality that gave them a start, and the superior intelligence that enabled them to take advantage of every opportunity.

But whoever has grasped the laws of the distribution of wealth will see the mistake in this notion. The fallacy is similar to that which would be involved in the assertion that every one of a number of competitors might win a race. That *any* one might is true; that *every* one might is impossible.

For, as soon as land acquires a value, wages, as we have seen, do not depend upon the real earnings or product of labor, but upon what is left to labor after rent is taken out; and when land is all monopolized, as it is everywhere except in the newest communities, rent must drive wages down to the point at which the poorest paid class will be just able to live and reproduce, and thus wages are forced to a minimum fixed by what is called the standard of comfort—that is, the amount of necessaries and comforts which habit leads the working classes to demand as the lowest on which they will consent to maintain their numbers. This being the case, industry, skill, frugality, and intelligence can avail the individual only in so far as they are superior to the general level—just as in a race speed can avail the runner only in so far as it exceeds that of his competitors. If one man work harder, or with superior skill or intelligence than ordinary, he will get ahead; but if the average of industry,

skill, or intelligence be brought up to the higher point, the increased intensity of application will secure but the old rate of wages, and he who would get ahead must work harder still.

As to the effects of education, it is evident that intelligence, which is or should be the aim of education, until it induces and enables the masses to discover and remove the cause of the unequal distribution of wealth, can operate upon wages only by increasing the effective power of labor. It has the same effect as increased skill or industry. And it can raise the wages of the individual only in so far as it renders him superior to others. No increase of the effective power of labor can increase general wages, so long as rent swallows up all the gain. This is not merely a deduction from principles. It is the fact, proved by experience.

It is true that greater industry and skill, greater prudence, and a higher intelligence, are, as a rule, found associated with a better material condition of the working classes; but that this is effect, not cause, is shown by the relation of the facts. Wherever the material condition of the laboring classes has been improved, improvement in their personal qualities has followed, and wherever their material condition has been depressed, deterioration in these qualities has been the result; but nowhere can improvement in material condition be shown as the result of the increase of industry, skill, prudence, or intelligence in a class condemned to toil for a bare living, though these qualities when once attained (or, rather, their concomitant —the improvement in the standard of comfort) offer a strong, and, in many cases, a sufficient, resistance to the lowering of material condition.

The fact is, that the qualities that raise man above the animal are superimposed on those which he shares with the animal, and that it is only as he is relieved from the wants of his animal nature that his intellectual and moral nature can grow. Compel a man to drudgery for the

necessities of animal existence, and he will lose the incentive to industry—the progenitor of skill—and will do only what he is forced to do. Make his condition such that it cannot be much worse, while there is little hope that anything he can do will make it much better, and he will cease to look beyond the day. Deny him leisure —and leisure does not mean the want of employment, but the absence of the need which forces to uncongenial employment—and you cannot, even by running the child through a common school and supplying the man with a newspaper, make him intelligent.

It is true that improvement in the material condition of a people or class may not show immediately in mental and moral improvement. Increased wages may at first be taken out in idleness and dissipation. But they will ultimately bring increased industry, skill, intelligence, and thrift. Comparisons between different countries; between different classes in the same country; between the same people at different periods; and between the same people when their conditions are changed by emigration, show, as an invariable result, that the personal qualities of which we are speaking appear as material conditions are improved, and disappear as material conditions are depressed. Poverty is the Slough of Despond which Bunyan saw in his dream, and into which good books may be tossed forever without result. To make people industrious, prudent, skillful, and intelligent, they must be relieved from want.

III.—Combinations of Workmen

It is evident from the laws of distribution, as previously traced, that combinations of workmen *can* advance wages, and this not at the expense of other workmen, as is sometimes said, nor yet at the expense of capital, as is generally believed; but, ultimately, at the expense of rent.

That no general advance in wages can be secured by combination; that any advance in particular wages thus secured must reduce other wages or the profits of capital,

or both—are ideas that spring from the erroneous notion that wages are drawn from capital. The fallacy of these ideas is demonstrated, not alone by the laws of distribution, but by experience, so far as it has gone.

The advance of wages in particular trades by combinations of workmen, of which there are many examples, has nowhere shown any effect in lowering wages in other trades, or in reducing the rate of profits. Except as it may affect his fixed capital or current engagements, a diminution of wages can benefit, and an increase of wages injure an employer only in so far as it gives him an advantage or puts him at a disadvantage as compared with other employers. The employer who first succeeds in reducing the wages of his hands, or is first compelled to pay an advance, gains an advantage, or is put at a disadvantage in regard to his competitors, which ceases when the movement includes them also. So far, however, as the change in wages affects his contracts or stock on hand, by changing the relative cost of production, it may be to him a real gain or loss, though this gain or loss, being purely relative, disappears when the whole community is considered. And, if the change in wages works a change in relative demand, it may render capital fixed in machinery, buildings, or otherwise, more or less profitable. But, in this, a new equilibrium is soon reached; for, especially in a progressive country, fixed capital is only somewhat less mobile than circulating capital.

To raise wages in a particular occupation or occupations, which is all that any combination of workmen yet made has been equal to attempting, is manifestly a task the difficulty of which progressively increases. For the higher are wages of any particular kind raised above their normal level with other wages, the stronger are the tendencies to bring them back. Thus, if a printers' union, by a successful or threatened strike, raise the wages of typesetting ten per cent. above the normal rate as compared with other wages, relative demand and supply are

at once affected. On the one hand, there is a tendency to a diminution of the amount of typesetting called for; and, on the other, the higher rate of wages tends to increase the number of compositors in ways the strongest combination cannot altogether prevent.

Nor, in the struggle of endurance, which is the only method which combinations not to work for less than a certain minimum have of effecting the increase of wages, must it be forgotten who are the real parties pitted against each other. It is not labor and capital. It is laborers on the one side and the owners of land on the other. If the contest were between labor and capital, it would be on much more equal terms. For the power of capital to stand out is only some little greater than that of labor. Capital not only ceases to earn anything when not used, but it goes to waste—for in nearly all its forms it can be maintained only by constant reproduction. But land will not starve like laborers or go to waste like capital—its owners can wait. They may be inconvenienced, it is true, but what is inconvenience to them, is destruction to capital and starvation to labor.

Besides these practical difficulties in the plan of forcing by endurance an increase of wages, there are in such methods inherent disadvantages which workingmen should not blink. I speak without prejudice, for I am still an honorary member of the union which, while working at my trade, I always loyally supported. But, see: The methods by which a trade union can alone act are necessarily destructive; its organization is necessarily tyrannical. A strike, which is the only recourse by which a trade union can enforce its demands, is a destructive contest. The struggle of endurance involved in a strike is, really, what it has often been compared to—a war; and, like all war, it lessens wealth. And the organization for it must, like the organization for war, be tyrannical. As even the man who would fight for freedom, must, when he enters an army, give up his personal freedom and be-

come a mere part in a great machine, so must it be with workmen who organize for a strike. These combinations are, therefore, necessarily destructive of the very things which workmen seek to gain through them—wealth and freedom.

IV.—Co-operation

Unfortunately for the efficacy of co-operation as a remedy for social evils, these evils do not arise from any conflict between labor and capital; and if co-operation were universal, it could not raise wages or relieve poverty. This is readily seen.

Co-operation is of two kinds—co-operation in supply and co-operation in production. Now, co-operation in supply, let it go as far as it may in excluding middlemen, only reduces the cost of exchanges. It is simply a device to save labor and eliminate risk, and its effect upon distribution can be only that of the improvements and inventions which have in modern times so wonderfully cheapened and facilitated exchanges—viz., to increase rent. And co-operation in production is simply the substitution of proportionate wages for fixed wages—a substitution of which there are occasional instances in almost all employments; or, if the management is left to the workmen, and the capitalist but takes his proportion of the net produce, it is simply the system that has prevailed to a large extent in European agriculture since the days of the Roman Empire—the colonial or metayer system.

All that is claimed for co-operation in production is, that it makes the workman more active and industrious—in other words, that it increases the efficiency of labor. Thus its effect is in the same direction as the steam engine, the cotton gin, the reaping machine—in short, all the things in which material progress consists, and it can produce only the same result—viz., the increase of rent.

Waiving all the difficulties that under present conditions beset co-operation either of supply or of production,

and supposing it so extended as to supplant present methods—that co-operative stores made the connection between producer and consumer with the minimum of expense, and co-operative workshops, factories, farms, and mines, abolished the employing capitalist who pays fixed wages, and greatly increased the efficiency of labor—what then? Why, simply that it would become possible to produce the same amount of wealth with less labor, and consequently that the owners of land, the source of all wealth, could command a greater amount of wealth for the use of their land. This is not a matter of mere theory; it is proved by experience and by existing facts. Improved methods and improved machinery have the same effect that co-operation aims at—of reducing the cost of bringing commodities to the consumer and increasing the efficiency of labor, and it is in these respects that the older countries have the advantage of new settlements. But, as experience has amply shown, improvements in the methods and machinery of production and exchange have no tendency to improve the condition of the lowest class. The advantage but adds to rent.

But suppose co-operation between producers and land owners? That would simply amount to the payment of rent in kind. Call it co-operation, if you choose, the terms of the co-operation would still be fixed by the laws which determine rent, and wherever land was monopolized, increase in productive power would simply give the owners of the land the power to demand a larger share.

That co-operation is by so many believed to be the solution of the "labor question" arises from the fact that, where it has been tried, it has in many instances improved perceptibly the condition of those immediately engaged in it. But this is due simply to the fact that these cases are isolated. Just as industry, economy, or skill may improve the condition of the workmen who possess them in superior degree, but cease to have this effect when improvement in these respects becomes general, so a spe-

cial advantage in procuring supplies, or a special efficiency given to some labor, may secure advantages which would be lost as soon as these improvements became so general as to affect the general relations of distribution.

Land, without which there can be no production, is monopolized, and the competition of producers for its use forces wages to a minimum and gives all the advantage of increasing productive power to land owners, in higher rents and increased land values.

V.—Governmental Direction and Interference

It is evident that whatever savors of regulation and restriction is in itself bad, and should not be resorted to if any other mode of accomplishing the same end presents itself. For instance, to take one of the simplest and mildest of the class of measures I refer to—a graduated tax on incomes. The object at which it aims, the reduction or prevention of immense concentrations of wealth, is good; but this means involves the employment of a large number of officials clothed with inquisitorial powers; temptations to bribery, and perjury, and all other means of evasion, which beget a demoralization of opinion, and put a premium upon unscrupulousness and a tax upon conscience; and, finally, just in proportion as the tax accomplishes its effect, a lessening in the incentive to the accumulation of wealth, which is one of the strong forces of industrial progress. If the elaborate schemes for regulating everything and finding a place for everybody could be carried out, we should have a state of society resembling that of ancient Peru, or that which, to their eternal honor, the Jesuits instituted and so long maintained in Paraguay.

I will not say that such a state as this is not a better social state than that to which we now seem to be tending, for in ancient Peru, though production went on under the greatest disadvantages, from the want of iron and the domestic animals, yet there was no such thing as want, and the people went to their work with songs. But this

it is unnecessary to discuss. Socialism in anything approaching such a form, modern society cannot successfully attempt. The only force that has ever proved competent for it—a strong and definite religious faith—is wanting and is daily growing less. We have passed out of the socialism of the tribal state, and cannot re-enter it again except by a retrogression that would involve anarchy and perhaps barbarism. Our governments would break down in the attempt. Instead of an intelligent award of duties and earnings, we should have a Roman distribution of Sicilian corn, and the demagogue would soon become the Imperator.

The ideal of socialism is grand and noble; and it is, I am convinced, possible of realization; but such a state of society cannot be manufactured—it must grow. Society is an organism, not a machine. It can live only by the individual life of its parts. And in the free and natural development of all the parts will be secured the harmony of the whole.

VI.—A More General Distribution of Land

There is a rapidly growing feeling that the tenure of land is in some manner connected with the social distress which manifests itself in the most progressive countries; but this feeling as yet mostly shows itself in propositions which look to the more general division of landed property. If land in large bodies can be cultivated more cheaply than land in small bodies, to restrict ownership to small bodies will reduce the aggregate production of wealth, and, in so far as such restrictions are imposed and take effect, will they tend to diminish the general productiveness of labor and capital.

But there is not merely this objection, which weighs against every proposition to restrict the ownership of land, with a force that increases with the efficiency of the proposed measure. There is the further and fatal objection that restriction will not secure the end which is alone worth

aiming at—a fair division of the produce. It will not reduce rent, and therefore cannot increase wages. It may make the comfortable classes larger, but will not improve the condition of those in the lowest class.

Just what may be accomplished by the greater division of land may be seen in those districts of France and Belgium where minute division prevails. That such a division of land is on the whole much better, and that it gives a far more stable basis to the state than that which prevails in England, there can be no doubt. But that it does not make wages any higher or improve the condition of the class who have only their labor, is equally clear. Nor have improvements in the modes of production been so great. Nevertheless, M. Emile de Laveleye, all of whose prepossessions are in favor of small holdings, and whose testimony will therefore carry more weight than that of English observers, who may be supposed to harbor a prejudice for the system of their own country, states in his paper on the Land Systems of Belgium and Holland, printed by the Cobden Club, that the condition of the laborer is worse under this system of the minute division of land than it is in England; while the tenant farmers—for tenancy largely prevails even where the *morcellement* is greatest—are rack-rented with a mercilessness unknown in England, and even in Ireland.

Let us abandon all attempt to get rid of the evils of land monopoly by restricting land ownership.

CHAPTER II. THE TRUE REMEDY

THERE is but one way to remove an evil—and that is, to remove its cause. Poverty deepens as wealth increases, and wages are forced down while productive power grows, because land, which is the source of all wealth and the field of all labor, is monopolized. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the laborer, we must therefore substitute

for the individual ownership of land a common ownership. Nothing else will go to the cause of the evil—in nothing else is there the slightest hope.

This, then, is the remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it:

We must make land common property.[1]

[1] From this broad statement of a fundamental principle in the abstract, false inferences have been drawn and misleading interpretations made. It has been assumed, both by adversaries and by advocates of the economics of "Progress and Poverty" that its author's formulation of a fundamental abstract principle regarding the relation of mankind to natural resources is a concrete proposal to abolish private tenures to land. Nothing could be farther from the fact, as any reader of "Progress and Poverty" may certainly see. That land must be common property in principle does not by any means imply that it must be common property in actual tenure. Circumstances may, and for the most part they do, necessitate private tenure of land. Private tenure of a building, for example, necessitates private tenure of the site upon which it rests. And that Henry George did not propose communal tenure is evident from his explanation farther on in the same volume. Turn to Chapter I of Book VII, where he refers to the clash of individual and common rights to land. In that connection he explains that "there is no difficulty in determining where the individual right ends and the common right begins," for "a delicate and exact test is applied by *value*," the value of natural resources being the price of their monopoly. This price is conferred and maintained by the community, not by the owner, and may be taken by the community for community uses as community earnings, without in any wise disturbing any legitimate private proprietorship of the natural resources themselves. Hence Henry George's proposal to abolish taxes on production, which are confiscatory of private property, and to depend for taxes upon the values the community continuously gives to natural resources which, though privately owned, are as matter of abstract principle common property. To them the earnings of the community, as such, attach in the form of what are commonly called "land values," "mineral royalties," "ground rents," etc. These values are common values and should go to common uses. The fiscal reform which "Progress and Poverty" advocates for that purpose has come to be commonly called "the Single Tax."—Louis F. Post.

See pages 155 and 156 of this Abridgment.

BOOK VII

JUSTICE OF THE REMEDY

CHAPTER I. THE INJUSTICE OF PRIVATE PROPERTY IN LAND.[1]

WHEN it is proposed to abolish private property in land the first question that will arise is that of justice.

This tendency of popular discussions to take an ethical form has a cause. It springs from a law of the human mind; it rests upon a vague and instinctive recognition of what is probably the deepest truth we can grasp. That alone is wise which is just; that alone is enduring which is right.

I bow to this arbitrament, and accept this test.

What constitutes the rightful basis of property? What

[1] *Editor's Note.*—The meaning of this statement may be inferred from the advice the author gives on page 132, where he says, "Let us abandon all attempt to get rid of the evils of land monopoly by restricting land ownership." His writings are full of similar explicit disclaimers of any purpose to nullify land titles. At page 155 he tells us that we may make land common property by merely taking rent for public purposes, and that we may assert the common right to land by merely appropriating land rent by taxation. Henry George did not propose to abolish land titles, nor in any way to disturb security of ownership and possession. This inference is definitely confirmed by the following quotation:

"To make a redivision every year, or to treat land as a common, where no one could claim the exclusive use of any particular piece, would be practicable only where men lived in movable tents and made no permanent improvements, and would effectually prevent any advance beyond such a state. No one would sow a crop, or build a house, or open a mine, or plant an orchard, or cut a drain, so long as any one else could come in and turn him out of the land in which or on which such improvements must be fixed. Thus it is absolutely necessary to the proper use and improvement of land that society should secure to the user and improver safe possession. . . ."—"Protection or Free Trade," by Henry George, Chap. XXVI.

is it that enables a man justly to say of a thing, "It is mine?" From what springs the sentiment which acknowledges his exclusive right as against all the world? Is it not, primarily, the right of a man to himself, to the use of his own powers, to the enjoyment of the fruits of his own exertions? Is it not this individual right, which springs from and is testified to by the natural facts of individual organization—the fact that each particular pair of hands obey a particular brain and are related to a particular stomach; the fact that each man is a definite, coherent, independent whole—which alone justifies individual ownership? As a man belongs to himself, so his labor when put in concrete form belongs to him.

And for this reason, that which a man makes or produces is his own, as against all the world—to enjoy or to destroy, to use, to exchange, or to give. No one else can rightfully claim it, and his exclusive right to it involves no wrong to any one else. Thus there is to everything produced by human exertion a clear and indisputable title to exclusive possession and enjoyment, which is perfectly consistent with justice, as it descends from the original producer, in whom it vested by natural law.

Now, this is not only the original source from which all ideas of exclusive ownership arise—as is evident from the natural tendency of the mind to revert to it when the idea of exclusive ownership is questioned, and the manner in which social relations develop—but it is necessarily the only source. Nature acknowledges no ownership or control in man save as the result of exertion. Hence, as nature gives only to labor, the exertion of labor in production is the only title to exclusive possession.

This right of ownership that springs from labor excludes the possibility of any other right of ownership. If a man be rightfully entitled to the produce of his labor, then no one can be rightfully entitled to the ownership of anything which is not the produce of his labor, or the labor of some one else from whom the right has passed to him. For the

right to the produce of labor cannot be enjoyed without the right to the free use of the opportunities offered by nature, and to admit the right of property in these is to deny the right of property in the produce of labor. When non-producers can claim as rent a portion of the wealth created by producers, the right of the producers to the fruits of their labor is to that extent denied.

There is no escape from this position.

What most prevents the realization of the injustice of private property in land is the habit of including all the things that are made the subject of ownership in one category, as property, or, if any distinction is made, drawing the line, according to the unphilosophical distinction of the lawyers, between personal property and real estate, or things movable and things immovable. The real and natural distinction is between things which are the produce of labor and things which are the gratuitous offerings of nature.

These two classes of things are in essence and relations widely different, and to class them together as property is to confuse all thought when we come to consider the justice or the injustice, the right or the wrong of property.

A house and the lot on which it stands are alike property, as being the subject of ownership, and are alike classed by the lawyers as real estate. Yet in nature and relations they differ widely. The one is produced by human labor and belongs to the class in political economy styled wealth. The other is a part of nature, and belongs to the class in political economy styled land.

The essential character of the one class of things is that they embody labor, are brought into being by human exertion, their existence or non-existence, their increase or diminution, depending on man. The essential character of the other class of things is that they do not embody labor, and exist irrespective of human exertion and irrespective of man; they are the field or environment in which man finds himself; the storehouse from which his needs

must be supplied, the raw material upon which, and the forces with which alone his labor can act.

The moment this distinction is realized, that moment is it seen that the sanction which natural justice gives to one species of property is denied to the other.

Whatever may be said for the institution of private property in land, it is therefore plain that it cannot be defended on the score of justice. There is in nature no such thing as a fee simple in land. There is on earth no power which can rightfully make a grant of exclusive ownership in land. If all existing men were to unite to grant away their equal rights, they could not grant away the right of those who follow them. For what are we but tenants for a day? Have we made the earth, that we should determine the rights of those who after us shall tenant it in their turn? The Almighty, who created the earth for man and man for the earth, has entailed it upon all the generations of the children of men by a decree written upon the constitution of all things—a decree which no human action can bar and no prescription determine.

The recognition of individual proprietorship of land is the denial of the natural rights of other individuals—it is a wrong which *must* show itself in the inequitable division of wealth. For as labor cannot produce without the use of land, the denial of the equal right to the use of land is necessarily the denial of the right of labor to its own produce.[1] If one man can command the land upon which

[1] "Here are two simple principles, both of which are self-evident:

I. That all men have equal rights to the use and enjoyment of the elements provided by Nature.

II. That each man has an exclusive right to the use and enjoyment of what is produced by his own labor.

There is no conflict between these principles. On the contrary, they are correlative. To secure fully the individual right of property in the produce of labor we must treat the elements of nature as common property. If any one could claim the sunlight as his property and could compel me to pay him for the agency of the sun in the growth of crops I had planted, it would necessarily lessen my right of property in the produce of my labor. And conversely, where every one is secured the full right of property in the produce of his

others must labor, he can appropriate the produce of their labor as the price of his permission to labor. The fundamental law of nature, that her enjoyment by man shall be consequent upon his exertion, is thus violated. The one receives withot producing; the others produce without receiving. The one is unjustly enriched; the others are robbed.

The right to exclusive ownership of anything of human production is clear. No matter how many the hands through which it has passed, there was, at the beginning of the line, human labor—some one who, having procured or produced it by his exertions, had to it a clear title as against all the rest of mankind, and which could justly pass from one to another by sale or gift. But at the end of what string of conveyances or grants can be shown or supposed a like title to any part of the material universe? To improvements such an original title can be shown; but it is a title only to the improvements, and not to the land itself. If I clear a forest, drain a swamp, or fill a morass, all I can justly claim is the value given by these exertions. They give me no right to the land itself, no claim other than to my equal share with every other member of the community in *the value which is added to it by the growth of the community.*

But it will be said: There are improvements which in time become indistinguishable from the land itself! Very well; then the title to the improvements becomes blended with the title to the land; the individual right is lost in the common right. It is the greater that swallows up the less, not the less that swallows up the greater.

labor, no one can have any right of property in what is not the produce of labor.

No matter how complex the industrial organization, nor how highly developed the civilization, there is no real difficulty in carrying out these principles. All we have to do is to treat the land as the joint property of the whole people, just as a railway is treated as the joint property of many shareholders, or as a ship is treated as the joint property of several owners."—"Protection or Free Trade," Chap. XXVI.

Yet, it will be said: As every man has a right to the use and enjoyment of nature, the man who is using land must be permitted the exclusive right to its use in order that he may get the full benefit of his labor. But there is no difficulty in determining where the individual right ends and the common right begins. A delicate and exact test is supplied by *value*, and with its aid there is no difficulty, no matter how dense population may become, in determining and securing the exact rights of each, the equal rights of all.

The *value* of land, as we have seen, is the price of monopoly. It is not the absolute, but the relative, capability of land that determines its value. No matter what may be its intrinsic qualities, land that is no better than other land which may be had for the using can have no value. And the value of land always measures the difference between it and the best land that may be had for the using. *Thus, the value of land expresses in exact and tangible form the right of the community in land held by an individual;* and rent expresses the exact amount which the individual should pay to the community to satisfy the equal rights of all other members of the community.

Thus, if we concede to priority of possession the undisturbed use of land, taxing rent into the public treasury for the benefit of the community, *we reconcile the fixity of tenure which is necessary for improvement with a full and complete recognition of the equal rights of all to the use of land.*

CHAPTER II. THE ENSLAVEMENT OF LABORERS THE ULTIMATE RESULT OF PRIVATE PROPERTY IN LAND [1]

PLACE one hundred men on an island from which there is no escape, and whether you make one of these men the

[1] ". . . Were land treated as the property of the whole people, the ground-rent accruing to the community would suffice for public pur-

absolute owner of the other ninety-nine, or the absolute owner of the soil of the island, will make no difference either to him or to them. In the one case, as the other, the one will be the absolute master of the ninety-nine—his power extending even to life and death, for simply to refuse them permission to live upon the island would be to force them into the sea.

Upon a larger scale, and through more complex relations, the same cause must operate in the same way and to the same end—the ultimate result, the enslavement of laborers, becoming apparent just as the pressure increases which compels them to live on and from land which is treated as the exclusive property of others.

There is nothing strange in the fact that, in spite of the enormous increase in productive power which this century has witnessed, and which is still going on, the wages of labor in the lower and wider strata of industry should everywhere tend to the wages of slavery—just enough to keep the laborer in working condition. For the ownership of the land on which and from which a man must live is virtually the ownership of the man himself, and in acknowledging the right of some individuals to the exclusive use and enjoyment of the earth, we condemn other individuals to slavery as fully and as completely as though we had formally made them chattels.

The general subjection of the many to the few, which we meet with wherever society has reached a certain development, has resulted from the appropriation of land

poses, and all other taxation might be dispensed with. The improver could more easily get land to improve, and would retain for himself the full benefit of his improvements exempt from taxation.

"To secure to all citizens their equal right to the land on which they live, does not mean, as some of the ignorant seem to suppose, that every one must be given a farm, and city land be cut up into little pieces. It would be impossible to secure the equal rights of all in that way, even if such division were not in itself impossible. . . ."—"Social Problems," by Henry George, Chap. XIX.

as individual property. It is the ownership of the soil that everywhere gives the ownership of the men that live upon it. It is slavery of this kind to which the enduring pyramids and the colossal monuments of Egypt yet bear witness, and of the institution of which we have, perhaps, a vague tradition in the Biblical story of the famine during which the Pharaoh purchased up the lands of the people. It was slavery of this kind to which, in the twilight of history, the conquerors of Greece reduced the original inhabitants of that peninsula, transforming them into helots by making them pay rent for their lands. It was the growth of the *latifundia*, or great landed estates, which transmuted the population of ancient Italy, from a race of hardy husbandmen, whose robust virtues conquered the world, into a race of cringing bondsmen; it was the appropriation of the land as the absolute property of their chieftains which gradually turned the descendants of free and equal Gallic, Teutonic and Hunnish warriors into colonii and villains, and which changed the independent burghers of Sclavonic village communities into the boors of Russia and the serfs of Poland; which instituted the feudalism of China and Japan, as well as that of Europe, and which made the High Chiefs of Polynesia the all but absolute masters of their fellows.

CHAPTER III. CLAIM OF LAND OWNERS TO COMPENSATION

If the land belong to the people, why continue to permit land owners to take the rent, or compensate them in any manner for the loss of rent?

Consider what rent is. It does not arise spontaneously from land; it is due to nothing that the land owners have done. It represents a *value created by the whole community*.

Let the land holders have, if you please, all that the possession of the land would give them in the absence

of the rest of the community. But rent, the creation of the whole community, necessarily belongs to the whole community.[1]

CHAPTER IV. PRIVATE PROPERTY IN LAND HISTORICALLY CONSIDERED

WHAT more than anything else prevents the realization of the essential injustice of private property in land and stands in the way of a candid consideration of any proposition for abolishing it, is that mental habit which makes anything that has long existed seem natural and necessary.

If it were true that land had always been treated as private property, that would not prove the justice or necessity of continuing so to treat it, any more than the universal existence of slavery, which might once have been safely affirmed, would prove the justice or necessity of making property of human flesh and blood.

But while, were it true, that land had always and everywhere been treated as private property would not prove that it should always be so treated, this is *not* true. On the contrary, the common right to land has everywhere been primarily recognized, and private ownership has nowhere grown up save as the result of usurpation. Wherever we can trace the early history of society, whether in Asia, in Europe, in Africa, in America, or in Polynesia, land has been considered as common property, in which the

[1] *Editor's Note.*—Where Single Tax is put into effect, landlords will lose in their gamble as mere *speculators* in land. As *producers* of wealth they will be gainers, for under Single Tax the fruit of their labor will be untaxed. That Henry George planned to avoid any sudden upheaval of the old and long established order which might be caused by introducing, all at once, the taxation of land values, may be seen in the following quotations:

"We cannot get to the Single Tax at one leap, but only by gradual steps."—HENRY GEORGE in *Century Magazine*, July, 1890, page 401.

"In the very nature of things it can only come slowly and step by step. We do not delude ourselves on that point, and never have."—HENRY GEORGE in "Saratoga Single Tax Discussion," 1890, page 78.

rights of all who had admitted rights were equal. This recognition of the common right to land did not prevent the full recognition of the particular and exclusive right in things which are the result of labor, nor was it abandoned when the development of agriculture had imposed the necessity of recognizing exclusive possession of land in order to secure the exclusive enjoyment of the results of the labor expended in cultivating it. The division of land between the industrial units whether families, joint families, or individuals, went only as far as was necessary for that purpose.

The causes which have operated to supplant this original idea of the equal right to the use of land by the idea of exclusive and unequal rights may, I think, be everywhere vaguely but certainly traced. They are everywhere the same which have led to the denial of equal personal rights and to the establishment of privileged classes.

These causes may be summarized as the concentration of power in the hands of chieftains and the military class, consequent on a state of warfare, which enabled them to monopolize common lands.

The idea of absolute individual property in land, which modern civilization derived from Rome, reached its full development there in historic times. When the future mistress of the world first looms up, each citizen had his little homestead plot, which was inalienable, and the general domain—"the corn-land which was of public right" —was subject to common use, doubtless under regulations or customs which secured equality, as in the Teutonic mark and Swiss allmend. It was from this public domain constantly extended by conquest, that the patrician families succeeded in carving their great estates. These great estates by the power with which the great attracts the less, in spite of temporary checks by legal limitation and recurring divisions, finally crushed out all the small proprietors, adding their little patrimonies to the *latifundia* of the enormously rich, while they them-

selves were forced into the slave gangs, became rent-paying colonii, or else were driven into the freshly conquered foreign provinces, where land was given to the veterans of the legions; or to the metropolis, to swell the ranks of the proletariat who had nothing to sell but their votes.

Cæsarism, soon passing into an unbridled despotism of the Eastern type, was the inevitable political result, and the empire, even while it embraced the world, became in reality a shell, kept from collapse only by the healthier life of the frontiers, where the land had been divided among military settlers or the primitive usages longer survived. But the *latifundia,* which had devoured the strength of Italy, crept steadily outward, carving the surface of Sicily, Africa, Spain, and Gaul into great estates cultivated by slaves or tenants. The hardy virtues born of personal independence died out, an exhaustive agriculture impoverished the soil, and wild beasts supplanted men, until at length, with a strength nurtured in equality, the barbarians broke through; Rome perished; and of a civilization once so proud nothing was left but ruins.

Thus came to pass that marvelous thing, which at the time of Rome's grandeur would have seemed impossible. On the one hand, the denial of the common right to land had resulted in decay; on the other, equality gave strength.

"Freedom," says M. de Laveleye ("Primitive Property," p. 116), "freedom, and, as a consequence, the ownership of an undivided share of the common property, to which the head of every family in the clan was equally entitled, were in the German village essential rights. This system of absolute equality impressed a remarkable character on the individual, which explains how small bands of barbarians made themselves masters of the Roman Empire, in spite of its skillful administration, its perfect centralization and its civil law, which has preserved the name of written reason."

Guizot has vividly described the chaos that in Europe succeeded the fall of the Roman Empire—a chaos which,

as he says, "carried all things in its bosom," and from which the structure of modern society was slowly evolved. It is a picture which cannot be compressed into a few lines, but suffice it to say that the result of this infusion of rude but vigorous life into Romanized society was a disorganization of the German, as well as the Roman structure—both a blending and an admixture of the idea of common rights in the soil with the idea of exclusive property. The feudal system was the result of such a blending. It clearly recognized, in theory at least, that the land belongs to society at large, not to the individual. A fief was essentially a trust, and to enjoyment was annexed obligation. The sovereign, theoretically the representative of the collective power and rights of the whole people, was in feudal view the only absolute owner of land. And though land was granted to individual possession, yet in its possession were involved duties, by which the enjoyer of its revenues was supposed to render back to the commonwealth an equivalent for the benefits which from the delegation of the common right he received.

In the feudal scheme the crown lands supported public expenditures; the church lands defrayed the cost of public worship and instruction, of the care of the sick and of the destitute, and maintained a class of men who were supposed to be, and no doubt to a great extent were, devoting their lives to purposes of public good; while the military tenures provided for the public defense. In the obligation under which the military tenant lay to bring into the field such and such a force when need should be, as well as in the aid he had to give when the sovereign's eldest son was knighted, his daughter married, or the sovereign himself made prisoner of war, was a rude and inefficient recognition, but still unquestionably a recognition, of the fact, obvious to the natural perceptions of all men, that land is not individual but common property.

Nor yet was the control of the possessor of land allowed to extend beyond his own life. Although the principle

of inheritance soon displaced the principle of selection, yet feudal law required that there should always be some representative of a fief, capable of discharging the duties as well as of receiving the benefits which were annexed to a landed estate, and who this should be was not left to individual caprice, but rigorously determined in advance.

The basis of the feudal system was the absolute ownership of the land, but over this, feudalism threw a superior right, and the process of infeudation consisted of bringing individual dominion into subordination to the superior dominion, which represented the larger community or nation.

Thus the feudal system, in its rise and development, was a triumph of the idea of the common right to land, changing an absolute tenure into a conditional tenure, and imposing peculiar obligations in return for the privilege of receiving rent.

There still remain in our legal systems survivals that have lost their meaning. The doctrine of eminent domain, which makes the sovereign theoretically the only absolute owner of land, springs from nothing but the recognition of the sovereign as the representative of the collective rights of the people; primogeniture and entail, which still exist in England, and which existed in some of the American States a hundred years ago, are but distorted forms of what was once an outgrowth of the apprehension of land as common property. The very distinction made in legal terminology between real and personal property is but the survival of a primitive distinction between what was originally looked upon as common property and what from its nature was always considered the peculiar property of the individual. And the greater care and ceremony which are yet required for the transfer of land is but a survival, now meaningless and useless, of the more general and ceremonious consent once required for the transfer of rights which were looked upon, not as belonging to any one member, but to every member of a family or tribe.

The general course of the development of modern civilization since the feudal period has been to the subversion of these natural and primary ideas of collective ownership in the soil. Paradoxical as it may appear, the emergence of liberty from feudal bonds has been accompanied by a tendency in the treatment of land to the form of ownership which involves the enslavement of the working classes, and which is now beginning to be strongly felt all over the civilized world, in the pressure of an iron yoke, which cannot be relieved by any extension of mere political power or personal liberty, and which political economists mistake for the pressure of natural laws, and workmen for the oppressions of capital.

The reason, I take it, that with the extension of the idea of personal freedom has gone on an extension of the idea of private property in land, is that as in the progress of civilization the grosser forms of supremacy connected with land ownership were dropped, or abolished, or became less obvious, attention was diverted from the more insidious, but really more potential forms, and the land owners were easily enabled to put property in land on the same basis as other property.

Steps backward have been taken, and been hailed, as steps in advance. The French Constituent Assembly, in 1789, thought it was sweeping away a relic of tyranny when it abolished tithes and imposed the support of the clergy on general taxation. The Abbé Siéyès stood alone when he told them that they were simply remitting to the proprietors a tax which was one of the conditions on which they held their lands, and reimposing it on the labor of the nation. But in vain. The Abbé Siéyès, being a priest, was looked on as defending the interests of his order, when in truth he was defending the rights of man. In those tithes, the French people might have retained a large public revenue which would not have taken one centime from the wages of labor or the earnings of capital.

And so the abolition of the military tenures in England,

though simply an appropriation of public revenues by the feudal land holders, who thus got rid of the consideration on which they held the common property of the nation, and saddled it on the people at large, in the taxation of all consumers, has long been characterized as a triumph of the spirit of freedom. Yet here is the source of the immense debt and heavy taxation of England. Had the form of those feudal dues been simply changed into one better adapted to the changed times, English wars need never have occasioned the incurring of debt to the amount of a single pound, and the labor and capital of England need not have been taxed a single farthing for the maintenance of a military establishment. All this would have come from rent, which the land holders since that time have appropriated to themselves—from the tax which land ownership levies on the earnings of labor and capital. The land holders of England got their land on terms which required them even in the sparse population of Norman days to put in the field, upon call, sixty thousand perfectly equipped horsemen, and on the further condition of various fines and incidents which amounted to a considerable part of the rent. It would probably be a low estimate to put the pecuniary value of these various services and dues at one-half the rental value of the land.

CHAPTER V. OF PROPERTY IN LAND IN THE UNITED STATES

Had the circumstances which beset the first English settlers in North America been such as to call their attention *de novo* to the question of land ownership, there can be no doubt that they would have reverted to first principles, just as they reverted to first principles in matters of government; and individual land ownership would have been rejected, just as aristocracy and monarchy were rejected. But while in the country from which they came this system had not yet fully developed itself, nor its effects been fully felt, the fact that in the new country an immense

continent invited settlement prevented any question of the justice and policy of private property in land from arising. For in a new country, equality seems sufficiently assured if no one is permitted to take land to the exclusion of the rest. At first no harm seems to be done by treating this land as absolute property. There is plenty of land left for those who choose to take it, and the slavery that in a later stage of development necessarily springs from the individual ownership of land is not felt.

In Virginia and to the South, where the settlement had an aristocratic character, the natural complement of the large estates into which the land was carved was introduced in the shape of negro slaves. But the first settlers of New England divided the land as, twelve centuries before, their ancestors had divided the land of Britain, giving to each head of a family his town lot and his seed lot, while beyond lay the free common. So far as concerned the great proprietors whom the English kings by letters patent endeavored to create, the settler saw clearly enough the injustice of the attempted monopoly, and none of these proprietors got much from their grants; but the plentifulness of land prevented attention from being called to the monopoly which individual land ownership, even when the tracts are small, must involve when land becomes scarce.

And so it has come to pass that the great republic of the modern world has adopted at the beginning of its career an institution that ruined the republics of antiquity; that a people who proclaim the inalienable rights of all men to life, liberty, and the pursuit of happiness have accepted without question a principle which, in denying the equal and inalienable right to the soil, finally denies the equal right to life and liberty.

The continent has seemed so wide, the area over which population might yet pour so vast, that familiarized by habit with the idea of private property in land, we have not realized its essential injustice. For not merely has

this background of unsettled land prevented the full effect of private appropriation from being felt, even in the older sections, but to permit a man to take more land than he could use, that he might compel those who afterwards needed it to pay him for the privilege of using it, has not seemed so unjust when others in their turn might do the same thing by going further on. And more than this, the very fortunes that have resulted from the appropriation of land, and that have thus really been drawn from taxes levied upon the wages of labor, have seemed, and have been heralded, as prizes held out to the laborer.

In all the newer States, and even to a considerable extent in the older ones, our landed aristocracy is yet in its first generation. Those who have profited by the increase in the value of land have been largely men who began life without a cent. Their great fortunes, many of them running up high into the millions, seem to them, and to many others, as the best proofs of the justice of existing social conditions in rewarding prudence, foresight, industry, and thrift; whereas, the truth is that these fortunes are but the gains of monopoly, and are necessarily made at the expense of labor. But the fact that those thus enriched started as laborers hides this, and the same feeling which leads every ticket holder in a lottery to delight in imagination in the magnitude of the prizes has prevented even the poor from quarreling with a system which thus made many poor men rich.

In short, the American people have failed to see the essential injustice of private property in land, because as yet they have not felt its full effects. This public domain —the vast extent of land yet to be reduced to private possession, the enormous common to which the faces of the energetic were always turned, has been the great fact that, since the days when the first settlements began to fringe the Atlantic Coast, has formed our national character and colored our national thought.

But our advance has reached the Pacific. Further west

we cannot go, and increasing population can but expand north and south and fill up what has been passed over.

The republic has entered upon a new era, an era in which the monopoly of the land will tell with accelerating effect. The great fact which has been so potent is ceasing to be. The public domain is almost gone—a very few years will end its influence, already rapidly failing. I do not mean to say that there will be no public domain. For a long time to come there will be millions of acres of public lands carried on the books of the Land Department. But it must be remembered that the best part of the continent for agricultural purposes is already overrun, and that it is the poorest land that is left.

The harder times, the lower wages, the increasing poverty perceptible in the United States are but results of the natural laws we have traced—laws as universal and as irresistible as that of gravitation. We did not establish the republic when, in the face of principalities and powers, we flung the declaration of the inalienable rights of man; we shall never establish the republic until we practically carry out that declaration by securing to the poorest child born among us an equal right to his native soil!

BOOK VIII

APPLICATION OF THE REMEDY

CHAPTER I. PRIVATE PROPERTY IN LAND INCONSISTENT WITH THE BEST USE OF LAND [1]

THERE is a delusion resulting from the tendency to confound the accidental with the essential, that private property in land is necessary to the proper use of land, and that again to make land common property would be to destroy civilization and revert to barbarism.

This delusion may be likened to the idea which, according to Charles Lamb, so long prevailed among the Chinese after the savor of roast pork had been accidentally discovered by the burning down of Ho-ti's hut—that to cook a pig it was necessary to set fire to a house. But, though in Lamb's charming dissertation it was required that a sage should arise to teach people that they might roast pigs without burning down houses, it does not take a sage to see that what is required for the improvement of land is not absolute ownership of the land, but security for the improvements. This will be obvious to whoever will look around him.

[1] "No assumption can be more gratuitous than that constantly made that absolute ownership of land is necessary to the improvement and proper use of land. What is necessary to the best use of land is the security of improvements—the assurance that the labor and capital expended upon it shall enjoy their reward. This is a very different thing from the absolute ownership of land. Some of the finest buildings in New York are erected upon leased ground. Nearly the whole of London and other English cities, and great parts of Philadelphia and Baltimore, are so built. All sorts of mines are opened and operated on leases.

". . . If individuals will use and improve land belonging to other individuals, why would they not use and improve land belonging to the whole people . . ."—"Social Problems," by Henry George, Chap. XIX.

While there is no more necessity for making a man the absolute and exclusive owner of land, in order to induce him to improve it, than there is of burning down a house in order to cook a pig; while the making of land private property is as rude, wasteful, and uncertain a device for securing improvement, as the burning down of a house is a rude, wasteful, and uncertain device for roasting a pig, we have not the excuse for persisting in the one that Lamb's Chinamen had for persisting in the other. Until the sage arose who invented the rude gridiron, which according to Lamb, preceded the spit and oven, no one had known or heard of a pig being roasted, except by a house being burned. But, among us, nothing is more common than for land to be improved by those who do not own it. The greater part of the land of Great Britain is cultivated by tenants, the greater part of the buildings of London are built upon leased ground, and even in the United States the same system prevails everywhere to a greater or less extent. Thus it is a common matter for use to be separated from ownership.

Would not all this land be cultivated and improved just as well if the rent went to the State or municipality, as now, when it goes to private individuals? If no private ownership in land were acknowledged, but all land were held in this way, the occupier or user paying rent to the State, would not land be used and improved as well and as securely as now? There can be but one answer: Of course it would. Then would the resumption of land as common property in nowise interfere with the proper use and improvement of land.

What is necessary for the use of land is not its private ownership, but the security of improvements. It is not necessary to say to a man, "this land is yours," in order to induce him to cultivate or improve it. It is only necessary to say to him, "whatever your labor or capital produces on this land shall be yours." Give a man security that he may reap, and he will sow; assure him of the

possession of the house he wants to build, and he will build it. These are the natural rewards of labor. It is for the sake of the reaping that men sow; it is for the sake of possessing houses that men build. The ownership of land has nothing to do with it.

The complete recognition of common rights to land need in no way interfere with the complete recognition of individual right to improvements or produce. Two men may own a ship without sawing her in half. The ownership of a railway may be divided into a hundred thousand shares, and yet trains be run with as much system and precision as if there were but a single owner.

Everything could go on as now, and yet the common right to land be fully recognized by appropriating rent to the common benefit. There is a lot in the center of San Francisco to which the common rights of the people of that city are yet legally recognized. This lot is not cut up into infinitesimal pieces nor yet is it an unused waste. It is covered with fine buildings, the property of private individuals, that stand there in perfect security. The only difference between this lot and those around it is that the rent of the one goes into the common school fund, the rent of the others into private pockets. What is to prevent the land of a whole country being held by the people of the country in this way?

So far from the recognition of private property in land being necessary to the proper use of land, the contrary is the case. Treating land as private property stands in the way of its proper use. Were land treated as public property it would be used and improved as soon as there was need for its use or improvement, but being treated as private property, the individual owner is permitted to prevent others from using or improving what he cannot or will not use or improve himself.

In the thickly settled parts of the United States there is enough land to maintain three or four times our present population, lying unused, because its owners are holding

it for higher prices, and immigrants are forced past this unused land to seek homes where their labor will be far less productive. In every city valuable lots may be seen lying vacant for the same reason. If the best use of land be the test, then private property in land is condemned, as it is condemned by every other consideration. It is as wasteful and uncertain a mode of securing the proper use of land as the burning down of houses is of roasting pigs.

CHAPTER II. HOW EQUAL RIGHTS TO THE LAND MAY BE ASSERTED AND SECURED

NEITHER on the ground of equity or expediency is there anything to deter us from making land common property by taking rent into the public treasury.

But a question of method remains. How shall we do it?

It is an axiom of statesmanship, which the successful founders of tyranny have understood and acted upon—that great changes can best be brought about under old forms. We, who would free men, should heed the same truth. It is the natural method. When nature would make a higher type, she takes a lower one and develops it. This, also, is the law of social growth. Let us work by it. With the current we may glide fast and far. Against it, it is hard pulling and slow progress.

Let the individuals who now hold it still retain possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. *It is not necessary to abolish land ownership; it is only necessary to take rent for public uses.*

Nor to take rent for public uses is it necessary that any new machinery should be created. The machinery already exists. Instead of extending it, all we have to do is to simplify and reduce it. By making use of this existing machinery, we may, without jar or shock, assert the common right to land *by appropriating rent by taxation.*

In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land any one could hold. For, rent being taken by the State in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership.

Now, insomuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—

To Abolish All Taxation Save That Upon Land Values

As we have seen, the value of land is at the beginning of society nothing, but as society develops by the increase of population and the advance of the arts, it becomes greater and greater.

In every civilized country, even the newest, the value of the land taken as a whole is sufficient to bear the entire expenses of government. In the better developed countries it is much more than sufficient. Hence it will not be enough merely to place all taxes upon the value of land. It will be necessary, where rent exceeds the present governmental revenues, commensurately to increase the amount demanded in taxation, and to continue this increase as society progresses and rent advances. But this is so natural and easy a matter, that it may be considered as involved, or at least understood, in the proposition to put all taxes on the value of land. That is the first step, upon which the practical struggle must be made. When the common right to land is so far appreciated that all taxes are abolished save those which fall upon rent, there is no danger of much more than is necessary to induce them to collect the public revenues being left to individual land holders.[1]

[1] "To bring it about is simply a work of arousing thought. How men vote is something we need not much concern ourselves with.

Wherever the idea of concentrating all taxation upon land values finds lodgment sufficient to induce consideration, it invariably makes way, but that there are few of the classes most to be benefited by it, who at first, or even for a long time afterward, see its full significance and power. It is difficult for workingmen to get over the idea that there is a real antagonism between capital and labor. It is difficult for small farmers and homestead owners to get over the idea that to put all taxes on the value of land would be unduly to tax them. It is difficult for both classes to get over the idea that to exempt capital from taxation would be to make the rich richer, and the poor poorer. These ideas spring from confused thought. But behind ignorance and prejudice there is a powerful interest, which has dominated literature, education, and opinion. A great wrong always dies hard, and the great wrong

The important thing is how they think. Now the chief agency in promoting thought is discussion. And to secure the most general and most effective discussion of a principle it must be embodied in concrete form and presented in practical politics, so that men, being called to vote on it, shall be forced to think and talk about it. The advocates of a great principle should know no thought of compromise. They should proclaim it in its fullness, and point to its complete attainment as their goal. But the zeal of the propagandist needs to be supplemented by the skill of the politician. While the one need not fear to arouse opposition, the other should seek to minimize resistance. The political art, like the military art, consists in massing the greatest force against the point of least resistance; and, to bring a principle most quickly and effectively into practical politics, the measure which presents it should be so moderate as (while involving the principle) to secure the largest support and excite the least resistance. For whether the first step be long or short is of little consequence. When a start is once made in a right direction, progress is a mere matter of keeping on. It is in this way that great questions always enter the phase of political action. Important political battles begin with affairs of outposts, in themselves of little moment, and are generally decided upon issue joined not on the main question, but on some minor or collateral question. . . . To bring an issue into politics it is not necessary to form a party. Parties are not to be manufactured; they grow out of existing parties by the bringing forward of issues upon which men will divide."—HENRY GEORGE in "Protection or Free Trade," Chap. XXIX.

which in every civilized country condemns the masses of men to poverty and want, will not die without a bitter struggle. Let us try the remedy I have proposed by the accepted canons of taxation.

CHAPTER III. THE PROPOSITION TRIED BY THE CANONS OF TAXATION

THE best tax by which public revenues can be raised is evidently that which will closest conform to the following conditions:

1. That it bear as lightly as possible upon production —so as least to check the increase of the general fund from which taxes must be paid and the community maintained.

2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers—so as to take from the people as little as possible in addition to what it yields the government.

3. That it be certain—so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to law-breaking and evasion on the part of the taxpayers.

4. That it bear equally—so as to give no citizen an advantage or put any at a disadvantage, as compared with others.

Let us consider what form of taxation best accords with these conditions. Whatever it be, that evidently will be the best mode in which the public revenues can be raised.

I.—The Effect of Taxes upon Production

All taxes must evidently come from the produce of land and labor, since there is no other source of wealth than the union of human exertion with the material and forces of nature. But the manner in which equal amounts of taxation may be imposed may very differently affect the production of wealth. Taxation which lessens the

reward of the producer necessarily lessens the incentive to production; taxation which is conditioned upon the act of production, or the use of any of the three factors of production, necessarily discourages production. Thus taxation which diminishes the earnings of the laborer or the returns of the capitalist tends to render the one less industrious and intelligent, the other less disposed to save and invest. Taxation which falls upon the processes of production interposes an artificial obstacle to the creation of wealth. Taxation which falls upon labor *as* it is exerted, wealth *as* it is used as capital, and land *as* it is cultivated, will manifestly tend to discourage production much more powerfully than taxation to the same amount levied upon laborers, whether they work or play, upon wealth whether used productively or unproductively, or upon land whether cultivated or left waste.

The mode of taxation is, in fact, quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished and their power of producing wealth destroyed by taxation, which, if levied in another way, could be borne with ease. All taxes upon manufactures, all taxes upon commerce, all taxes upon capital, all taxes upon improvements, have a tendency to reduce the production of wealth, and should, therefore, never be resorted to when it is possible to raise money by taxes which do not check production. The great class of taxes from which revenue may be derived without interference with production are taxes upon monopolies—for the profit of monopoly is in itself a tax levied upon production, and to tax it is simply to divert into the public coffers what production must in any event pay.

All other monopolies are trivial in extent as compared with the monopoly of land. And the value of land expressing a monopoly, pure and simple, is in every respect fitted for taxation. That is to say, while the value of a railroad or telegraph line, the price of gas or of a patent

medicine, may express the price of monopoly, it also expresses the exertion of labor and capital; but the value of land, or economic rent, as we have seen, is in no part made up from these factors, and expresses nothing but the advantage of appropriation.

Taxes levied upon the value of land cannot check production in the slightest degree, until they exceed rent, for unlike taxes upon commodities, or exchange, or capital, or any of the tools or processes of production, they do not bear upon production. The value of land does not express the reward of production, as does the value of crops, of cattle, of buildings, or any of the things which are styled personal property and improvements. It expresses the exchange value of monopoly. It is not in any case the creation of the individual who owns the land; it is created by the growth of the community. Hence the community can take it all without in any way lessening the incentive to improvement or in the slightest degree lessening the production of wealth. Taxes may be imposed upon the value of land until all rent is taken by the State, without reducing the wages of labor or the reward of capital one iota; without increasing the price of a single commodity, or making production in any way more difficult.

But more than this. Taxes on the value of land not only do not check production as do most other taxes, but they tend to increase production by destroying speculative rent. How speculative rent checks production may be seen not only in the valuable land withheld from use, but in the paroxysms of industrial depression which, originating in the speculative advance in land values, propagate themselves over the whole civilized world, everywhere paralyzing industry, and causing more waste and probably more suffering than would a general war. Taxation which would take rent for public uses would prevent all this; while if land were taxed to anything near its rental value, no one could afford to hold land that he was not using, and, consequently, land not in use would be thrown open to those

who would use it. Settlement would be closer, and, consequently, labor and capital would be enabled to produce much more with the same exertion.

It is evident that with regard to production, the tax upon the value of land is the best tax that can be imposed. Tax manufactures, and the effect is to check manufacturing; tax improvements, and the effect is to lessen improvement; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth.

II.—As to Ease and Cheapness of Collection

With, perhaps, the exception of certain licenses and stamp duties, which may be made almost to collect themselves, but which can be relied on for only a trivial amount of revenue, a tax upon land values can, of all taxes, be most easily and cheaply collected. For land cannot be hidden or carried off; its value can be readily ascertained, and the assessment once made, nothing but a receiver is required for collection.

And as under all fiscal systems some part of the public revenues is collected from taxes on land, and the machinery for that purpose already exists and could as well be made to collect all as a part, the cost of collecting the revenue now obtained by other taxes might be entirely saved by substituting the tax on land values for all other taxes. What an enormous saving might thus be made can be inferred from the horde of officials now engaged in collecting these taxes.

But the substitution of a tax on land values for all other taxes would operate to reduce this difference in an even more important way.

A tax on land values does not add to prices, and is thus paid directly by the persons on whom it falls; whereas,

all taxes upon things of unfixed quantity increase prices, and in the course of exchange are shifted from seller to buyer, increasing as they go. If we impose a tax upon money loaned, as has been often attempted, the lender will charge the tax to the borrower, and the borrower must pay it or not obtain the loan. If the borrower uses it in his business, he in his turn must get back the tax from his customers, or his business becomes unprofitable. If we impose a tax upon buildings, the users of buildings must finally pay it, for the erection of buildings will cease until building rents become high enough to pay the regular profit and the tax besides. If we impose a tax upon manufactures or imported goods, the manufacturer or importer will charge it in a higher price to the jobber, the jobber to the retailer, and the retailer to the consumer. Manila cigars used to cost, when bought of the importer in San Francisco, $70 a thousand, of which $14 was the cost of the cigars laid down in that port and $56 was the customs duty. But the dealer who purchased these cigars to sell again had to charge a profit, not on $14, the real cost of the cigars, but on $70, the cost of the cigars plus the duty. In this way all taxes which add to prices are shifted from hand to hand, increasing as they go, until they ultimately rest upon consumers, who thus pay much more than is received by the government. The way taxes raise prices is by increasing the cost of production, and checking supply. But land is not a thing of human production, and taxes upon rent cannot check supply. Therefore, though a tax on rent compels the land owners to pay more, it gives them no power to obtain more for the use of their land, as it in no way tends to reduce the supply of land. On the contrary, by compelling those who hold land on speculation to sell or let for what they can get, a tax on land values tends to increase the competition between owners, and thus to reduce the price of land.

Thus in all respects a tax upon land values is the cheapest tax by which a large revenue can be raised—giving to

the government the largest net revenue in proportion to the amount taken from the people.

III.—As to Certainty

Certainty is an important element in taxation, for just as the collection of a tax depends upon the diligence and faithfulness of the collectors and the public spirit and honesty of those who are to pay it, will opportunities for tyranny and corruption be opened on the one side, and for evasions and frauds on the other.

The tax on land values, which is the least arbitrary of taxes, possesses in the highest degree the element of certainty. It may be assessed and collected with a definiteness that partakes of the immovable and unconcealable character of the land itself. Taxes levied on land may be collected to the last cent, and though the assessment of land is now often unequal, yet the assessment of personal property is far more unequal, and these inequalities in the assessment of land largely arise from the taxation of improvements with land, and from the demoralization that affects the whole scheme of taxation. Were all taxes placed upon land values, irrespective of improvements, the scheme of taxation would be so simple and clear, and public attention would be so directed to it, that the valuation of taxation could and would be made with the same certainty that a real estate agent can determine the price a seller can get for a lot.

IV.—As to Equality

It is the common idea which our systems of taxing everything vainly attempt to carry out—that every one should pay taxes in proportion to his means, or in proportion to his income.

But, waiving all the insuperable practical difficulties in the way of taxing every one according to his means, it is evident that justice cannot be thus attained.

Here, for instance, are two men of equal means, or equal

incomes, one having a large family, the other having no one to support but himself. Upon these two men indirect taxes fall very unequally, as the one cannot avoid the taxes on the food, clothing, etc., consumed by his family, while the other need pay only upon the necessaries consumed by himself. But, supposing taxes levied directly, so that each pays the same amount, still there is injustice. The income of the one is charged with the support of six, eight, or ten persons; the income of the other with that of but a single person.

But it may be said that this is a difficulty which cannot be got over; that it is Nature herself that brings human beings helpless into the world and devolves their support upon the parents, providing in compensation therefor her own sweet and great rewards. Very well, then, let us turn to Nature, and read the mandates of justice in her law.

Nature gives to labor; and to labor alone. In a very Garden of Eden a man would starve but for human exertion. Now, here are two men of equal incomes—that of the one derived from the exertion of his labor, that of the other from the rent of land. Is it just that they should equally contribute to the expenses of the state? Evidently not. The income of the one represents wealth he creates and adds to the general wealth of the state; the income of the other represents merely wealth that he takes from the general stock, returning nothing. The right of the one to the enjoyment of his income rests on the warrant of nature, which returns wealth to labor; the right of the other to the enjoyment of his income is a mere fictitious right, the creation of municipal regulation, which is unknown and unrecognized by nature. The father who is told that from his labor he must support his children must acquiesce, for such is the natural decree; but he may justly demand that from the income gained by his labor not one penny shall be taken, so long as a penny remains of incomes which are gained by a monopoly of the natural

opportunities which Nature offers impartially to all, and in which his children have as their birthright an equal share.

The ground upon which the equal taxation of all species of property is commonly insisted upon is that it is equally protected by the state. The basis of this idea is evidently that the enjoyment of property is made possible by the state—that there is a value created and maintained by the community, which is justly called upon to meet community expenses. Now, of what values is this true? Only of the value of land. This is a value that does not arise until a community is formed, and that, unlike other values, grows with the growth of the community. It exists only as the community exists. Scatter again the largest community, and land, now so valuable, would have no value at all. With every increase of population the value of land rises; with every decrease it falls. This is true of nothing else save of things which, like the ownership of land, are in their nature monopolies.

The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return.

CHAPTER IV. INDORSEMENTS AND OBJECTIONS

THE grounds from which we have drawn the conclusion that the tax on land values or rent is the best method of

raising public revenues have been admitted expressly or tacitly by all economists of standing, since the determination of the nature and law of rent.

Ricardo says (Chap. X), "a tax on rent would fall wholly on landlords, and could not be shifted to any class of consumers," for it "would leave unaltered the difference between the produce obtained from the least productive land in cultivation and that obtained from land of every other quality. . . . A tax on rent would not discourage the cultivation of fresh land, for such land pays no rent and would be untaxed."

McCulloch (Note XXIV to "Wealth of Nations") declares that "in a practical point of view taxes on the rent of land are among the most unjust and impolitic that can be imagined," but he makes this assertion solely on the ground of his assumption that it is practically impossible to distinguish in taxation between the sum paid for the use of the soil and that paid on account of the capital expended upon it. But, supposing that this separation could be effected, he admits that the sum paid to landlords for the use of the natural powers of the soil might be entirely swept away by a tax without their having it in their power to throw any portion of the burden upon any one else, and without affecting the price of produce.

John Stuart Mill not only admits all this, but expressly declares the expediency and justice of a peculiar tax on rent, asking what right the landlords have to the accession of riches that comes to them from the general progress of society without work, risk, or economizing on their part, and although he expressly disapproves of interfering with their claim to the present value of land, he proposes to take the whole future increase as belonging to society by natural right.

Mrs. Fawcett, in the little compendium of the writings of her husband, entitled "Political Economy for Beginners," says: "The land tax, whether small or great in amount, partakes of the nature of a rent paid by the owner

of land to the state. In a great part of India the land is owned by the government and therefore the land tax is rent paid direct to the state. The economic perfection of this system of tenure may be readily perceived."

In fact, that rent should, both on grounds of expediency and justice, be the peculiar subject of taxation, is involved in the accepted doctrine of rent, and may be found in embryo in the works of all economists who have accepted the law of Ricardo.

But there has been a school of economists who plainly perceived, what is clear to the natural perceptions of men when uninfluenced by habit—that the revenues of the common property, land, ought to be appropriated to the common service. The French Economists ("Physiocrats"),[1] headed by Quesnay and Turgot, proposed just what I have proposed, that all taxation should be abolished save a tax upon the value of land. As I am acquainted with the doctrines of Quesnay and his disciples only at second hand through the medium of the English writers, I am unable to say how far his peculiar ideas as to agriculture being the only productive avocation, etc., are erroneous apprehensions, or mere peculiarities of terminology. But of this I am certain from the proposition in which his theory culminated—that he saw the fundamental relation between land and labor which has since been lost sight of, and that he arrived at practical truth, though, it may be, through a course of defectively expressed reasoning. The causes which leave in the hands of the landlord a "produce net" were by the Physiocrats not fully explained; but the fact in its practical relations to social economy was recognized, and the benefit which would result from the perfect freedom given to industry and trade by a substitution of a tax on rent for all the impositions which hamper and distort the application of labor was doubtless as clearly seen by them as it is by me. One

[1] See Chap. IV, Book 2, "Science of Political Economy," by Henry George.

of the things most to be regretted about the French Revolution is that it overwhelmed the ideas of the Economists, just as they were gaining strength among the thinking classes, and were apparently about to influence fiscal legislation.

Without knowing anything of Quesnay or his doctrines I have reached the same practical conclusion.

The only objection to the tax on rent or land values which is to be met with in standard politico-economic works is one which concedes its advantages—for it is, that from the difficulty of separation, we might, in taxing the rent of land, tax something else. McCulloch, for instance, declares taxes on the rent of land to be impolitic and unjust because the return received for the natural and inherent powers of the soil cannot be clearly distinguished from the return received from improvements and meliorations, which might thus be discouraged. Macaulay somewhere says that if the admission of the attraction of gravitation were inimical to any considerable pecuniary interest, there would not be wanting arguments against gravitation—a truth of which this objection is an illustration. For admitting that it is impossible invariably to separate the value of land from the value of improvements, is this necessity of continuing to tax *some* improvements any reason why we should continue to tax *all* improvements? If it discourage production to tax values which labor and capital have intimately combined with that of land, how much greater discouragement is involved in taxing not only these, but all the clearly distinguishable values which labor and capital create?

But, as a matter of fact, the value of land can always be readily distinguished from the value of improvements. In countries like the United States there is much valuable land that has never been improved; and in many of the States the value of the land and the value of improvements are habitually estimated separately by the assessors, though afterward reunited under the term real estate.

Nor where ground has been occupied from immemorial times, is there any difficulty in getting at the value of the bare land, for frequently the land is owned by one person and the buildings by another, and when a fire occurs and improvements are destroyed, a clear and definite value remains in the land. In the oldest country in the world no difficulty whatever can attend the separation, if all that be attempted is to separate the value of the clearly distinguishable improvements, made within a moderate period, from the value of the land, should they be destroyed. This, manifestly, is all that justice or policy requires. Absolute accuracy is impossible in any system, and to attempt to separate all that the human race has done from what nature originally provided would be as absurd as impracticable. A swamp drained or a hill terraced by the Romans constitutes now as much a part of the natural advantages of the British Isles as though the work had been done by earthquake or glacier. The fact that after a certain lapse of time the value of such permanent improvements would be considered as having lapsed into that of the land, and would be taxed accordingly, could have no deterrent effect on such improvements, for such works are frequently undertaken upon leases for years. The fact is that each generation builds and improves for itself, and not for the remote future. And the further fact is that each generation is heir, not only to the natural powers of the earth, but to all that remains of the work of past generations.

An objection of a different kind may, however, be made. It may be said that where political power is diffused, it is highly desirable that taxation should fall not on one class, such as land owners, but on all; in order that all who exercise political power may feel a proper interest in economical government. Taxation and representation, it will be said, cannot safely be divorced.

But however desirable it may be to combine with political power the consciousness of public burdens, the present

system certainly does not secure it. Indirect taxes are largely raised from those who pay little or nothing consciously. In the United States the class is rapidly growing who not only feel no interest in taxation, but who have no concern in good government. In our large cities elections are in great measure determined not by consideration of public interest, but by such influences as determined elections in Rome when the masses had ceased to care for anything but bread and the circus.

The effect of substituting for the manifold taxes now imposed a single tax on the value of land would hardly lessen the number of conscious taxpayers, for the division of land now held on speculation would much increase the number of land holders. But it would so equalize the distribution of wealth as to raise even the poorest above that condition of abject poverty in which public considerations have no weight; while it would at the same time cut down those overgrown fortunes which raise their possessors above concern in government. The dangerous classes politically are the very rich and very poor. It is not the taxes that he is conscious of paying that gives a man a stake in the country, an interest in its government; it is the consciousness of feeling that he is an integral part of the community; that its prosperity is his prosperity, and its disgrace his shame. Let but the citizen feel this; let him be surrounded by all the influences that spring from and cluster round a comfortable home, and the community may rely upon him, even to limb or to life. Men do not vote patriotically, any more than they fight patriotically, because of their payment of taxes.

But it may be asked: If the tax on land values is so advantageous a mode of raising revenue, how is it that so many other taxes are resorted to in preference by all governments?

The answer is obvious: The tax on land values is the only tax of any importance that does not distribute itself. It falls upon the owners of land, and there is no way in

which they can shift the burden upon any one else. Hence, a large and powerful class are directly interested in keeping down the tax on land values and substituting, as a means for raising the required revenue, taxes on other things, just as the land owners of England, two hundred years ago, succeeded in establishing an excise, which fell on all consumers, for the dues under the feudal tenures, which fell only on them.

There is, thus, a definite and powerful interest opposed to the taxation of land values; but to the other taxes upon which modern governments so largely rely there is no special opposition. The ingenuity of statesmen has been exercised in devising schemes of taxation which drain the wages of labor and the earnings of capital as the vampire bat is said to suck the lifeblood of its victim. Nearly all of these taxes are ultimately paid by that indefinable being, the consumer; and he pays them in a way which does not call his attention to the fact that he is paying a tax—pays them in such small amounts and in such insidious modes that he does not notice it, and is not likely to take the trouble to remonstrate effectually. Those who pay the money directly to the tax collector are not only not interested in opposing a tax which they so easily shift from their own shoulders, but are very frequently interested in its imposition and maintenance, as are other powerful interests which profit, or expect to profit, by the increase of prices which such taxes bring about.

BOOK IX

EFFECTS OF THE REMEDY

CHAPTER I. OF THE EFFECT UPON THE PRODUCTION OF WEALTH

The elder Mirabeau, we are told, ranked the proposition of Quesnay, to substitute one single tax on rent (the *impôt unique*) for all other taxes, as a discovery equal in utility to the invention of writing or the substitution of the use of money for barter.

To whosoever will think over the matter, this saying will appear an evidence of penetration rather than of extravagance. The advantages which would be gained by substituting for the numerous taxes by which the public revenues are now raised, a single tax levied upon the value of land, will appear more and more important the more they are considered. This is the secret which would transform the little village into the great city. With all the burdens removed which now oppress industry and hamper exchange, the production of wealth would go on with a rapidity now undreamed of. This, in its turn, would lead to an increase in the value of land—a new surplus which society might take for general purposes. And released from the difficulties which attend the collection of revenue in a way that begets corruption and renders legislation the tool of special interests, society could assume functions which the increasing complexity of life makes it desirable to assume, but which the prospect of political demoralization under the present system now leads thoughtful men to shrink from.

Consider the effect upon the production of wealth.

To abolish the taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry, would be like removing an immense weight from a powerful spring. Imbued with fresh energy, production would start into new life, and trade would receive a stimulus which would be felt to the remotest arteries. The present method of taxation operates upon exchange like artificial deserts and mountains; it costs more to get goods through a custom house than it does to carry them around the world. It operates upon energy, and industry, and skill, and thrift, like a fine upon those qualities. If I have worked harder and built myself a good house while you have been contented to live in a hovel, the tax-gatherer now comes annually to make me pay a penalty for my energy and industry, by taxing me more than you. If I have saved while you wasted, I am mulct, while you are exempt. If a man build a ship we make him pay for his temerity, as though he had done an injury to the state; if a railroad be opened, down comes the tax-collector upon it, as though it were a public nuisance; if a manufactory be erected we levy upon it an annual sum which would go far toward making a handsome profit. We say we want capital, but if any one accumulate it, or bring it among us, we charge him for it as though we were giving him a privilege. We punish with a tax the man who covers barren fields with ripening grain; we fine him who puts up machinery, and him who drains a swamp. How heavily these taxes burden production only those realize who have attempted to follow our system of taxation through its ramifications, for, as I have before said, the heaviest part of taxation is that which falls in increased prices.

To abolish these taxes would be to lift the whole enormous weight of taxation from productive industry. All would be free to make or to save, to buy or to sell, unfined by taxes, unannoyed by the tax-gatherer. Instead of saying to the producer, as it does now, "The more you add

to the general wealth the more shall you be taxed!" the state would say to the producer, "Be as industrious, as thrifty, as enterprising as you choose, you shall have your full reward! You shall not be fined for making two blades of grass grow where one grew before; you shall not be taxed for adding to the aggregate wealth."

And will not the community gain by thus refusing to kill the goose that lays the golden eggs; by thus refraining from muzzling the ox that treadeth out the corn; by thus leaving to industry, and thrift, and skill, their natural reward, full and unimpaired? For there is to the community also a natural reward. The law of society is, each for all, as well as all for each. No one can keep to himself the good he may do, any more than he can keep the bad. Every productive enterprise, besides its return to those who undertake it, yields collateral advantages to others. If a man plant a fruit-tree, his gain is that he gathers the fruit in its time and season. But in addition to his gain, there is a gain to the whole community. Others than the owner are benefited by the increased supply of fruit; the birds which it shelters fly far and wide; the rain which it helps to attract falls not alone on his field; and, even to the eye which rests upon it from a distance, it brings a sense of beauty. And so with everything else. The building of a house, a factory, a ship, or a railroad, benefits others besides those who get the direct profits.

Well may the community leave to the individual producer all that prompts him to exertion; well may it let the laborer have the full reward of his labor, and the capitalist the full return of his capital. For the more that labor and capital produce, the greater grows the common wealth in which all may share. And in the value or rent of land is this general gain expressed in a definite and concrete form. Here is a fund which the state may take while leaving to labor and capital their full reward. With increased activity of production this would commensurately increase.

And to shift the burden of taxation from production and exchange to the value or rent of land would not merely be to give new stimulus to the production of wealth; it would be to open new opportunities. For under this system no one would care to hold land unless to use it, and land now withheld from use would everywhere be thrown open to improvement.

The selling price of land would fall; land speculation would receive its death blow; land monopolization would no longer pay. Millions and millions of acres from which settlers are now shut out by high prices would be abandoned by their peresent owners or sold to settlers upon nominal terms. And this not merely on the frontiers, but within what are now considered well settled districts.

And it must be remembered that this would apply, not merely to agricultural land, but to all land. Mineral land would be thrown open to use, just as agricultural land; and in the heart of a city no one could afford to keep land from its most profitable use, or on the outskirts to demand more for it than the use to which it could at the time be put would warrant. Everywhere that land had attained a value, taxation, instead of operating, as now, as a fine upon improvement, would operate to force improvement. Whoever planted an orchard, or sowed a field, or built a house, or erected a manufactory, no matter how costly, would have no more to pay in taxes than if he kept so much land idle. The monopolist of agricultural land would be taxed as much as though his land were covered with houses and barns, with crops and with stock. The owner of a vacant city lot would have to pay as much for the privilege of keeping other people off of it until he wanted to use it, as his neighbor who has a fine house upon his lot. It would cost as much to keep a row of tumble-down shanties upon valuable land as though it were covered with a grand hotel or a pile of great warehouses filled with costly goods.

Thus, the bonus that wherever labor is most produc-

tive must now be paid before labor can be exerted would disappear. The farmer would not have to pay out half his means, or mortgage his labor for years, in order to obtain land to cultivate; the builder of a city homestead would not have to lay out as much for a small lot as for the house he puts upon it; the company that proposed to erect a manufactory would not have to expend a great part of their capital for a site. And what would be paid from year to year to the state would be in lieu of all the taxes now levied upon improvements, machinery, and stock.

Consider the effect of such a change upon the labor market. Competition would no longer be one-sided, as now. Instead of laborers competing with each other for employment, and in their competition cutting down wages to the point of bare subsistence, employers would everywhere be competing for laborers, and wages would rise to the fair earnings of labor. For into the labor market would have entered the greatest of all competitors for the employment of labor, a competitor whose demand cannot be satisfied until want is satisfied—the demand of labor itself. The employers of labor would not have merely to bid against other employers, all feeling the stimulus of greater trade and increased profits, but against the ability of laborers to become their own employers upon the natural opportunities freely opened to them by the tax which prevented monopolization.

With natural opportunities thus free to labor; with capital and improvements exempt from tax, and exchange released from restrictions, the spectacle of willing men unable to turn their labor into the things they are suffering for would become impossible; the recurring paroxysms which paralyze industry would cease; every wheel of production would be set in motion; demand would keep pace with supply, and supply with demand; trade would increase in every direction, and wealth augment on every hand.

CHAPTER II. OF THE EFFECT UPON DISTRIBUTION AND THENCE UPON PRODUCTION

But great as they thus appear, the advantages of a transference of all public burdens to a tax upon the value of land cannot be fully appreciated until we consider the effect upon the distribution of wealth.

Tracing out the cause of the unequal distribution of wealth which appears in all civilized countries, with a constant tendency to greater and greater inequality as material progress goes on, we have found it in the fact that, as civilization advances, the ownership of land, now in private hands, gives a greater and greater power of appropriating the wealth produced by labor and capital.

Thus, to relieve labor and capital from all taxation, direct and indirect, and to throw the burden upon rent, would be, as far as it went, to counteract this tendency to inequality, and, if it went so far as to take in taxation the whole of rent, the cause of inequality would be totally destroyed. Rent, instead of causing inequality, as now, would then promote equality. Labor and capital would then receive the whole produce, minus that portion taken by the state in the taxation of land values, which, being applied to public purposes, would be equally distributed in public benefits.

That is to say, the wealth produced in every community would be divided into two portions. One part would be distributed in wages and interest between individual producers, according to the part each had taken in the work of production; the other part would go to the community as a whole, to be distributed in public benefits to all its members. In this all would share equally—the weak with the strong, young children and decrepit old men, the maimed, the halt, and the blind, as well as the vigorous. And justly so—for while one part represents the result of individual effort in production, the other represents the

increased power with which the community as a whole aids the individual.

Thus, as material progress tends to increase rent, were rent taken by the community for common purposes the very cause which now tends to produce inequality as material progress goes on would then tend to produce greater and greater equality.

Who can say to what infinite powers the wealth-producing capacity of labor may not be raised by social adjustments which will give to the producers of wealth their fair proportion of its advantages and enjoyments! With present processes the gain would be simply incalculable, but just as wages are high, so do the invention and utilization of improved processes and machinery go on with greater rapidity and ease.

But I shall not deny, and do not wish to lose sight of the fact, that while thus preventing waste and thus adding to the efficiency of labor, the equalization in the distribution of wealth that would result from the simple plan of taxation that I propose, must lessen the intensity with which wealth is pursued. It seems to me that in a condition of society in which no one need fear poverty, no one would desire great wealth—at least, no one would take the trouble to strive and to strain for it as men do now. For, certainly, the spectacle of men who have only a few years to live, slaving away their time for the sake of dying rich, is in itself so unnatural and absurd, that in a state of society where the abolition of the fear of want had dissipated the envious admiration with which the masses of men now regard the possession of great riches, whoever would toil to acquire more than he cared to use would be looked upon as we would now look on a man who would thatch his head with half a dozen hats.

And though this incentive to production be withdrawn, can we not spare it? Whatever may have been its office in an earlier stage of development, it is not needed now. The dangers that menace our civilization do not come

from the weakness of the springs of production. What it suffers from, and what, if a remedy be not applied, it must die from, is unequal distribution!

Nor would the removal of this incentive, regarded only from the standpoint of production, be an unmixed loss. For, that the aggregate of production is greatly reduced by the greed with which riches are pursued, is one of the most obtrusive facts of modern society, while, were this insane desire to get rich at any cost lessened, mental activities now devoted to scraping together riches would be translated into far higher spheres of usefulness.

CHAPTER III. OF THE EFFECT UPON INDIVIDUALS AND CLASSES

When it is first proposed to put all taxes upon the value of land, all land holders are likely to take the alarm, and there will not be wanting appeals to the fears of small farm and homestead owners, who will be told that this is a proposition to rob them of their hard-earned property. But a moment's reflection will show that this proposition should commend itself to all whose interests as land holders do not largely exceed their interests as laborers or capitalists, or both. And further consideration will show that though the large land holders may lose relatively, yet even in their case there will be an absolute gain. For, the increase in production will be so great that labor and capital will gain very much more than will be lost to private land ownership, while in these gains, and in the greater ones involved in a more healthy social condition, the whole community, including the land owners themselves, will share.

It is manifest, of course, that the change I propose will greatly benefit all those who live by wages, whether of hand or of head—laborers, operatives, mechanics, clerks, professional men of all sorts. It is manifest, also, that it will benefit all those who live partly by wages and partly by the earnings of their capital—storekeepers,

merchants, manufacturers, employing or undertaking producers and exchangers of all sorts—from the peddler or drayman to the railroad or steamship owner—and it is likewise manifest that it will increase the incomes of those whose incomes are drawn from the earnings of capital, or from investments other than in lands, save perhaps the holders of government bonds or other securities bearing fixed rates of interest, which will probably depreciate in selling value, owing to the rise in the general rate of interest, though the income from them will remain the same.

Take, now, the case of the homestead owner—the mechanic, storekeeper, or professional man who has secured himself a house and lot, where he lives, and which he contemplates with satisfaction as a place from which his family cannot be ejected in case of his death. He will not be injured; on the contrary, he will be the gainer. The selling value of his lot will diminish—theoretically it will entirely disappear. But its usefulness to him will not disappear. It will serve his purpose as well as ever. While, as the value of all other lots will diminish or disappear in the same ratio, he retains the same security of always having a lot that he had before. That is to say, he is a loser only as the man who has bought himself a pair of boots may be said to be a loser by a subsequent fall in the price of boots. His boots will be just as useful to him, and the next pair of boots he can get cheaper.

So, to the homestead owner, his lot will be as useful, and should he look forward to getting a larger lot, or having his children, as they grow up, get homesteads of their own, he will, even in the matter of lots, be the gainer. And in the present, other things considered, he will be much the gainer. For though he will have more taxes to pay upon his land, he will be released from taxes upon his house and improvements, upon his furniture and personal property, upon all that he and his family eat, drink, and wear, while his earnings will be largely increased

by the rise of wages, the constant employment, and the increased briskness of trade. His only loss will be if he wants to sell his lot without getting another, and this will be a small loss compared with the great gain.

And so with the farmer. I speak not now of the farmers who never touch the handles of a plow, but of the working farmers who constitute such a large class in the United States—men who own small farms, which they cultivate with the aid of their boys, and perhaps some hired help, and who in Europe would be called peasant proprietors.

Paradoxical as it may appear to these men until they understand the full bearings of the proposition, of all classes above that of the mere laborer they have most to gain by placing all taxes upon the value of land. That they do not now get as good a living as their hard work ought to give them, they generally feel, though they may not be able to trace the cause. The fact is that taxation, as now levied, falls on them with peculiar severity. They are taxed on all their improvements—houses, barns, fences, crops, stock. The personal property which they have cannot be as readily concealed or undervalued as can the more valuable kinds which are concentrated in the cities. They are not only taxed on personal property and improvements, which the owners of unused land escape, but their land is generally taxed at a higher rate than land held on speculation, simply because it is improved. But further than this, all taxes imposed on commodities, fall on the farmer without mitigation.

The farmer would be a great gainer by the substitution of a single tax upon the value of land, because the taxation of land values would fall with greatest weight, not upon the agricultural districts, where land values are comparatively small, but upon the towns and cities where land values are high; whereas taxes upon personal property and improvements fall as heavily in the country as in the city. And in sparsely settled districts there would be hardly any taxes at all for the farmer to pay. For taxes,

being levied upon the value of the bare land, would fall as heavily upon unimproved as upon improved land. Acre for acre, the improved and cultivated farm, with its buildings, fences, orchard, crops, and stock could be taxed no more than unused land of equal quality. The result would be that speculative values would be kept down, and that cultivated and improved farms would have no taxes to pay until the country around them had been well settled. In fact, paradoxical as it may at first seem to them, the effect of putting all taxation upon the value of land would be to relieve the harder working farmers of all taxation.

But the great gain of the working farmer can be seen only when the effect upon the distribution of population is considered. The destruction of speculative land values would tend to diffuse population where it is too dense and to concentrate it where it is too sparse; to substitute for the tenement house, homes surrounded by gardens, and fully to settle agricultural districts before people were driven far from neighors to look for land. The people of the cities would thus get more of the pure air and sunshine of the country, the people of the country more of the economies and social life of the city. If, as is doubtless the case, the application of machinery tends to large fields, agricultural population will assume the primitive form and cluster in villages. The life of the average farmer is now unnecessarily dreary. He is not only compelled to work early and late, but he is cut off by the sparseness of population from the conveniences, the amusements, the educational facilities, and the social and intellectual opportunities that come with the closer contact of man with man. He would be far better off in all these respects, and his labor would be far more productive, if he and those around him held no more land than they wanted to use, while his children, as they grew up, would neither be so impelled to seek the excitement of a city nor would they be driven so far away to seek farms of

their own. Their means of living would be in their own hands, and at home.

In short, the working farmer is both a laborer and a capitalist, as well as a land owner, and it is by his labor and capital that his living is made. His loss would be nominal; his gain would be real and great.

In varying degrees is this true of all land holders. Many land holders are laborers of one sort or another. This measure would make no one poorer but such as could be made a great deal poorer without being really hurt. It would cut down great fortunes, but it would impoverish no one.

Wealth would not only be enormously increased; it would be equally distributed. I do not mean that each individual would get the same amount of wealth. That would not be equal distribution, so long as different individuals have different powers and different desires. But I mean that wealth would be distributed in accordance with the degree in which the industry, skill, knowledge, or prudence of each contributed to the common stock. The great cause which concentrates wealth in the hands of those who do not produce, and takes it from the hands of those who do, would be gone. The inequalities that continued to exist would be those of nature, not the artificial inequalities produced by the denial of natural law. The non-producer would no longer roll in luxury while the producer got but the barest necessities of animal existence.

CHAPTER IV. OF THE CHANGES THAT WOULD BE WROUGHT IN SOCIAL ORGANIZATION AND SOCIAL LIFE

We are dealing only with general principles, but to some main features let me call attention.

Noticeable among these is the great simplicity which would become possible in government. To collect taxes, to prevent and punish evasions, to check and counter-

check revenues drawn from so many distinct sources, now make up probably three-fourths, perhaps seven-eighths of the business of government, outside of the preservation of order, the maintenance of the military arm, and the administration of justice. An immense and complicated network of governmental machinery would thus be dispensed with.

In the administration of justice there would be a like saving of strain. Much of the civil business of our courts arises from disputes as to ownership of land. These would cease when all occupiers of valuable land became practically rent-paying tenants. The growth of morality consequent upon the cessation of want would tend to a like diminution in other civil business of the courts. The rise of wages, the opening of opportunities for all to make an easy and comfortable living, would at once lessen and would soon eliminate from society the thieves, swindlers, and other classes of criminals who spring from the unequal distribution of wealth. Thus the administration of the criminal law, with all its paraphernalia of policemen, detectives, prisons, and penitentiaries, would, like the administration of the civil law, cease to make such a drain upon the vital force and attention of society.

The legislative, judicial, and executive functions of government would in this way be vastly simplified.

Society would thus approach the ideal of Jeffersonian democracy, the promised land of Herbert Spencer, the abolition of government. But of government only as a directing and repressive power. It would at the same time, and in the same degree, become possible for it to realize the dream of socialism. Government could take upon itself the transmission of messages by telegraph, as well as by mail; of building and operating railroads, as well as of opening and maintaining common roads. With present functions so simplified and reduced, functions such as these could be assumed without danger or strain, and would be under the supervision of public at-

tention, which is now distracted. There would be a great and increasing surplus revenue from the taxation of land values, for material progress, which would go on with greatly accelerated rapidity, would tend constantly to increase rent. This revenue arising from the common property could be applied to the common benefit. We could establish public baths, museums, libraries, gardens, lecture rooms, music and dancing halls, theaters, universities, technical schools, shooting galleries, play grounds, gymnasiums, etc. Heat, light, and motive power, as well as water, might be conducted through our streets at public expense; our roads be lined with fruit trees; discoverers and inventors rewarded, scientific investigations supported; and in a thousand ways the public revenues made to foster efforts for the public benefit. We should reach the ideal of the socialist, but not through governmental repression. Government would change its character, and would become the administration of a great co-operative society. It would become merely the agency by which the common property was administered for the common benefit.

Does this seem impracticable? Consider for a moment the vast changes that would be wrought in social life by a change which would assure to labor its full reward; which would banish want and the fear of want; and give to the humblest freedom to develop in natural symmetry.

In thinking of the possibilities of social organization, we are apt to assume that greed is the strongest of human motives, and that systems of administration can be safely based only upon the idea that the fear of punishment is necessary to keep men honest—that selfish interests are always stronger than general interests. Nothing could be further from the truth.

From whence springs this lust for gain, to gratify which men tread everything pure and noble under their feet; to which they sacrifice all the higher possibilities of life; which converts civility into a hollow pretense, patriotism into a sham, and religion into hypocrisy; which makes so

much of civilized existence an Ishmaelitish warfare, of which the weapons are cunning and fraud?

Does it not spring from the existence of want? Carlyle somewhere says that poverty is the hell of which the modern Englishman is most afraid. And he is right. Poverty is the open-mouthed, relentless hell which yawns beneath civilized society. And it is hell enough. The Vedas declare no truer thing than when the wise crow Bushanda tells the eagle-bearer of Vishnu that the keenest pain is in poverty. For poverty is not merely deprivation; it means shame, degradation; the searing of the most sensitive parts of our moral and mental nature as with hot irons; the denial of the strongest impulses and the sweetest affections; the wrenching of the most vital nerves. You love your wife, you love your children; but would it not be easier to see them die than to see them reduced to the pinch of want in which large classes in every highly civilized community live? The strongest of animal passions is that with which we cling to life, but it is an everyday occurrence in civilized societies for men to put poison to their mouths or pistols to their heads from fear of poverty, and for one who does this there are probably a hundred who have the desire, but are restrained by instinctive shrinking, by religious considerations, or by family ties.

From this hell of poverty, it is but natural that men should make every effort to escape. With the impulse to self-preservation and self-gratification combine nobler feelings, and love as well as fear urges in the struggle. Many a man does a mean thing, a dishonest thing, a greedy and grasping and unjust thing, in the effort to place above want, or the fear of want, mother or wife or children.

And out of this condition of things arises a public opinion which enlists, as an impelling power in the struggle to grasp and to keep, one of the strongest—perhaps with many men the very strongest—springs of human action.

The desire for approbation, the feeling that urges us to win the respect, admiration, or sympathy of our fellows, is instinctive and universal. Distorted sometimes into the most abnormal manifestations, it may yet be everywhere perceived. It is potent with the veriest savage, as with the most highly cultivated member of the most polished society; it shows itself with the first gleam of intelligence, and persists to the last breath. It triumphs over the love of ease, over the sense of pain, over the dread of death. It dictates the most trivial and the most important actions.

Now, men admire what they desire. How sweet to the storm-stricken seems the safe harbor; food to the hungry, drink to the thirsty, warmth to the shivering, rest to the weary, power to the weak, knowledge to him in whom the intellectual yearnings of the soul have been aroused. And thus the sting of want and the fear of want make men admire above all things the possession of riches, and to become wealthy is to become respected, and admired, and influential. Get money—honestly, if you can, but at any rate get money! This is the lesson that society is daily and hourly dinning in the ears of its members. Men instinctively admire virtue and truth, but the sting of want and the fear of want make them even more strongly admire the rich and sympathize with the fortunate. It is well to be honest and just, and men will commend it; but he who by fraud and injustice gets him a million dollars will have more respect, and admiration, and influence, more eye service and lip service, if not heart service, than he who refuses it. The one may have his reward in the future; he may know that his name is writ in the Book of Life, and that for him is the white robe and the palm branch of the victor against temptation; but the other has his reward in the present. His name is writ in the list of "our substantial citizens"; he has the courtship of men and the flattery of women; the best pew in the church and the personal regard of the eloquent clergyman who in the name of Christ preaches

the Gospel of Dives, and tones down into a meaningless flower of Eastern speech the stern metaphor of the camel and the needle's eye. He may be a patron of arts, a Mæcenas to men of letters; may profit by the converse of the intelligent, and be polished by the attrition of the refined. His alms may feed the poor, and help the struggling, and bring sunshine into desolate places; and noble public institutions commemorate, after he is gone, his name and his fame. It is not in the guise of a hideous monster, with horns and tail, that Satan tempts the children of men, but as an angel of light. His promises are not alone of the kingdoms of the world, but of mental and moral principalities and powers. He appeals not only to the animal appetites, but to the cravings that stir in man because he is more than an animal.

Take the case of those miserable "men with muckrakes," who are to be seen in every community as plainly as Bunyan saw their type in his vision—who, long after they have accumulated wealth enough to satisfy every desire, go on working, scheming, striving to add riches to riches. It was the desire "to be something"; nay, in many cases, the desire to do noble and generous deeds, that started them on a career of money getting. And what compels them to it long after every possible need is satisfied, what urges them still with unsatisfied and ravenous greed, is not merely the force of tyrannous habit, but the subtler gratifications which the possession of riches gives—the sense of power and influence, the sense of being looked up to and respected, the sense that their wealth not merely raises them above want, but makes them men of mark in the community in which they live.

But whatever is potent for evil may be made potent for good. The change I have proposed would destroy the conditions that distort impulses in themselves beneficent, and would transmute the forces which now tend to disintegrate society into forces which would tend to unite and purify it.

Give labor a free field and its full earnings; take for the benefit of the whole community that fund which the growth of the community creates, and want and the fear of want would be gone. The springs of production would be set free, and the enormous increase of wealth would give the poorest ample comfort. Men would no more worry about finding employment than they worry about finding air to breathe; they need have no more care about physical necessities than do the lilies of the field. The progress of science, the march of invention, the diffusion of knowledge, would bring their benefits to all.

With this abolition of want and the fear of want, the admiration of riches would decay, and men would seek the respect and approbation of their fellows in other modes than by the acquisition and display of wealth. In this way there would be brought to the management of public affairs, and the administration of common funds, the skill, the attention, the fidelity, and integrity that can now be secured only for private interests.

Shortsighted is the philosophy which counts on selfishness as the master motive of human action. It is blind to facts of which the world is full. It sees not the present, and reads not the past aright. If you would move men to action, to what shall you appeal? Not to their pockets, but to their patriotism; not to selfishness, but to sympathy. Self-interest is, as it were, a mechanical force—potent, it is true; capable of large and wide results. But there is in human nature what may be likened to a chemical force; which melts and fuses and overwhelms; to which nothing seems impossible. "All that a man hath will he give for his life"—that is self-interest. But in loyalty to higher impulses men will give even life.

It is not selfishness that enriches the annals of every people with heroes and saints. It is not selfishness that on every page of the world's history bursts out in sudden splendor of noble deeds or sheds the soft radiance of benignant lives. It was not selfishness that turned Gau-

tama's back to his royal home or bade the Maid of Orleans lift the sword from the altar; that held the Three Hundred in the Pass of Thermopylæ, or gathered into Winkelried's bosom the sheaf of spears; that chained Vincent de Paul to the bench of the galley, or brought little starving children, during the Indian famine, tottering to the relief stations with yet weaker starvelings in their arms. Call it religion, patriotism, sympathy, the enthusiasm for humanity, or the love of God—give it what name you will; there is yet a force which overcomes and drives out selfishness; a force which is the electricity of the moral universe; a force beside which all others are weak. Everywhere that men have lived it has shown its power, and to-day, as ever, the world is full of it. To be pitied is the man who has never seen and never felt it. Look around! among common men and women, amid the care and the struggle of daily life, in the jar of the noisy street and amid the squalor where want hides—every here and there is the darkness lighted with the tremulous play of its lambent flames. He who has not seen it has walked with shut eyes. He who looks may see, as says Plutarch, that "the soul has a principle of kindness in itself, and is born to love, as well as to perceive, think, or remember."

And this force of forces—that now goes to waste or assumes perverted forms—we may use for the strengthening, and building up, and ennobling of society, if we but will, just as we now use physical forces that once seemed but powers of destruction. All we have to do is but to give it freedom and scope. The wrong that produces inequality; the wrong that in the midst of abundance tortures men with want or harries them with the fear of want; that stunts them physically, degrades them intellectually, and distorts them morally, is what alone prevents harmonious social development. For "all that is from the gods is full of providence. We are made for co-operation—like feet, like hands, like eyelids, like the rows of the upper and lower teeth."

There are people into whose heads it never enters to conceive of any better state of society than that which now exists—who imagine that the idea that there could be a state of society in which greed would be banished, prisons stand empty, individual interests be subordinated to general interests, and no one seek to rob or to oppress his neighbor, is but the dream of impracticable dreamers, for whom these practical level-headed men, who pride themselves on recognizing facts as they are, have a hearty contempt. But such men do not think.

Take a company of well-bred men and women dining together. There is no struggling for food, no attempt on the part of any one to get more than his neighbor; no attempt to gorge or to carry off. On the contrary, each one is anxious to help his neighbor before he partakes himself; to offer to others the best rather than pick it out for himself; and should any one show the slightest disposition to prefer the gratification of his own appetite to that of the others, or in any way to act the pig or pilferer, the swift and heavy penalty of social contempt and ostracism would show how such conduct is reprobated by common opinion.

All this is so common as to excite no remark, as to seem the natural state of things. Yet it is no more natural that men should not be greedy of food than that they should not be greedy of wealth. They *are* greedy of food when they are not assured that there will be a fair and equitable distribution which will give each enough. But when these conditions are assured, they cease to be greedy of food. And so in society, as at present constituted, men are greedy of wealth because the conditions of distribution are so unjust that instead of each being sure of enough, many are certain to be condemned to want. It is the "devil catch the hindmost" of present social adjustments that causes the race and scramble for wealth, in which all considerations of justice, mercy, religion, and sentiment are trampled under foot; in which

men forget their own souls, and struggle to the very verge of the grave for what they cannot take beyond. But an equitable distribution of wealth, that would exempt all from the fear of want, would destroy the greed of wealth, just as in polite society the greed of food has been destroyed.

On the crowded steamers of the early California lines there was often a marked difference between the manners of the steerage and the cabin, which illustrates this principle of human nature. An abundance of food was provided for the steerage as for the cabin, but in the former there were no regulations which insured efficient service, and the meals became a scramble. In the cabin, on the contrary, where each was allotted his place and there was no fear that every one would not get enough, there was no such scrambling and waste as were witnessed in the steerage. The difference was not in the character of the people, but simply in this fact. The cabin passenger transferred to the steerage would participate in the greedy rush, and the steerage passenger transferred to the cabin would at once become decorous and polite. The same difference would show itself in society in general were the present unjust distribution of wealth replaced by a just distribution.

Consider this existing fact of a cultivated and refined society, in which all the coarser passions are held in check, not by force, not by law, but by common opinion and the mutual desire of pleasing. If this is possible for a part of a community, it is possible for a whole community.

But it may be said, to banish want and the fear of want, would be to destroy the stimulus to exertion; men would become simply idlers, and such a happy state of general comfort and content would be the death of progress. This is the old slaveholders' argument, that men can be driven to labor only with the lash. Nothing is more untrue.

Want might be banished, but desire would remain. Man is the unsatisfied animal. He has but begun to explore, and the universe lies before him. Each step that he takes

opens new vistas and kindles new desires. He is the constructive animal; he builds, he improves, he invents, and puts together, and the greater the thing he does, the greater the thing he wants to do. He is more than an animal. Whatever be the intelligence that breathes through nature, it is in that likeness that man is made. The steamship, driven by her throbbing engines through the sea, is in kind, though not in degree, as much a creation as the whale that swims beneath. Man must be doing something, or fancy that he is doing something, for in him throbs the creative impulse; the mere basker in the sunshine is not a natural, but an abnormal man.

It is not labor in itself that is repugnant to man; it is not the natural necessity for exertion which is a curse. It is only labor which produces nothing—exertion of which he cannot see the results. To toil day after day, and yet get but the necessaries of life, this is indeed hard; it is like the infernal punishment of compelling a man to pump lest he be drowned, or to trudge on a treadmill lest he be crushed. But, released from this necessity, men would but work the harder and the better, for then they would work as their inclinations led them; then would they seem to be really doing something for themselves or for others.

The fact is that the work which improves the condition of mankind, the work which extends knowledge and increases power, and enriches literature, and elevates thought, is not done to secure a living. It is not the work of slaves, driven to their task either by the lash of a master or by animal necessities. It is the work of men who perform it for its own sake, and not that they may get more to eat or drink, or wear, or display. In a state of society where want was abolished, work of this sort would be enormously increased.

I am inclined to think that the result of taxing rent in the manner I have proposed would be to cause the organization of labor, wherever large capitals were used, to assume the co-operative form, since the more equal diffusion

of wealth would unite capitalist and laborer in the same person. But whether this would be so or not is of little moment. The hard toil of routine labor would disappear. Wages would be too high and opportunities too great to compel any man to stint and starve the higher qualities of his nature, and in every avocation the brain would aid the hand. Work, even of the coarser kinds, would become a lightsome thing, and the tendency of modern production to subdivision would not involve monotony or the contraction of ability in the worker; but would be relieved by short hours, by change, by the alternation of intellectual with manual occupations. There would result, not only the utilization of productive forces now going to waste; not only would our present knowledge, now so imperfectly applied, be fully used; but from the mobility of labor and the mental activity which would be generated, there would result advances in the methods of production that we now cannot imagine.

For, greatest of all the enormous wastes which the present constitution of society involves, is that of mental power. How infinitesimal are the forces that concur to the advance of civilization, as compared to the forces that lie latent! How few are the thinkers, the discoverers, the inventors, the organizers, as compared with the great mass of the people! Yet such men are born in plenty, it is the conditions that permit so few to develop.

The will within us is the ultimate fact of consciousness. Yet how little have the best of us, in acquirements, in position, even in character, that may be credited entirely to ourselves; how much to the influences that have molded us. Who is there, wise, learned, discreet, or strong, who might not, were he to trace the inner history of his life, turn, like the Stoic Emperor, to give thanks to the gods, that by this one and that one, and here and there, good examples have been set him, noble thoughts have reached him, and happy opportunities opened before him.

To remove want and the fear of want, to give to all

classes leisure, and comfort, and independence, the decencies and refinements of life, the opportunities of mental and moral development, would be like turning water into a desert. The sterile waste would clothe itself with verdure, and the barren places where life seemed banned would ere long be dappled with the shade of trees and musical with the song of birds. Talents now hidden, virtues unsuspected, would come forth to make human life richer, fuller, happier, nobler. For in these round men who are stuck into three-cornered holes, and three-cornered men who are jammed into round holes; in these men who are wasting their energies in the scramble to be rich; in these who in factories are turned into machines, or are chained by necessity to bench or plow; in these children who are growing up in squalor, and vice, and ignorance, are powers of the highest order, talents the most splendid. They need but the opportunity to bring them forth.

Consider the possibilities of a state of society that gave that opportunity to all. Let imagination fill out the picture; its colors grow too bright for words to paint. Consider the moral elevation, the intellectual activity, the social life. Consider how by a thousand actions and interactions the members of every community are linked together, and how in the present condition of things even the fortunate few who stand upon the apex of the social pyramid must suffer, though they know it not, from the want, ignorance, and degradation that are underneath. Consider these things and then say whether the change I propose would not be for the benefit of every one—even the greatest land holder!

END OF ECONOMICS

NOTE: In the preceding pages of this Abridgment of the economic part of Henry George's "Progress and Poverty," only Books I to IX of the original work are included. But the work was written along three distinct planes of human life, the economic being only one of the three. The other two were the social and the individual.

Had the author been a man of financial means, he would have developed his thought fully upon each plane in three different volumes. He did develop it fully on the economic plane in the nine books of "Progress and Poverty" here abridged. But as to social life he was constrained to content himself with a much condensed division (Book X, entitled, "The Law of Human Progress"), while to "The Problem of Individual Life" he devoted only a single chapter, the Conclusion of the volume.

While they do not rightfully perhaps belong in an abridgment of the economics of "Progress and Poverty," the last chapter of "The Law of Human Progress" and the Conclusion are here given (slightly abridged) as an

ADDENDUM

THE CENTRAL TRUTH

The truth to which we were led in the politico-economic branch of our inquiry is as clearly apparent in the rise and fall of nations and the growth and decay of civilizations, and it accords with those deep-seated recognitions of relation and sequence that we denominate moral perceptions. Thus have been given to our conclusions the greatest certitude and highest sanction.

This truth involves both a menace and a promise. It shows that the evils arising from the unjust and unequal distribution of wealth, which are becoming more and more apparent as modern civilization goes on, are not incidents of progress, but tendencies which must bring progress to a halt; that they will not cure themselves, but, on the contrary, must, unless their cause is removed, grow greater and greater, until they sweep us back into barbarism by the road every previous civilization has trod. But it also shows that these evils are not imposed by natural laws; that they spring solely from social maladjustments which ignore natural laws, and that in removing their cause we shall be giving an enormous impetus to progress.

The poverty which in the midst of abundance pinches and imbrutes men, and all the manifold evils which flow from it, spring from a denial of justice. In permitting the monopolization of the opportunities which nature freely offers to all, we have ignored the fundamental law of justice—for, so far as we can see, when we view things upon a large scale, justice seems to be the supreme law of the universe. But by sweeping away this injustice and asserting the rights of all men to natural opportunities, we shall conform ourselves to the law—we shall remove the great cause of unnatural inequality in the distribution of wealth and power; we shall abolish poverty; tame the ruthless passions of greed; dry up the springs of vice and misery; light in dark places the lamp of knowledge; give new vigor to invention and a fresh impulse to discovery; substitute political strength for political weakness; and make tyranny and anarchy impossible.

The reform I have proposed accords with all that is politically, socially, or morally desirable. It has the qualities of a true re-

form, for it will make all other reforms easier. What is it but the carrying out in letter and spirit of the truth enunciated in the Declaration of Independence—the "self-evident" truth that is the heart and soul of the Declaration—*"That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness!"*

These rights are denied when the equal right to land—on which and by which men alone can live—is denied. Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages. This is the truth that we have ignored. And so there come beggars in our streets and tramps on our roads; and poverty enslaves men who we boast are political sovereigns; and want breeds ignorance that our schools cannot enlighten; and citizens vote as their masters dictate; and the demagogue usurps the part of the statesman; and gold weighs in the scales of justice; and in high places sit those who do not pay to civic virtue even the compliment of hypocrisy; and the pillars of the republic that we thought so strong already bend under an increasing strain.

We honor Liberty in name and in form. We set up her statues and sound her praises. But we have not fully trusted her. And with our growth so grow her demands. She will have no half service!

Liberty! it is a word to conjure with, not to vex the ear in empty boastings. For Liberty means Justice, and Justice is the natural law—the law of health and symmetry and strength, of fraternity and co-operation.

They who look upon Liberty as having accomplished her mission when she has abolished hereditary privileges and given men the ballot, who think of her as having no further relations to the everyday affairs of life, have not seen her real grandeur—to them the poets who have sung of her must seem rhapsodists, and her martyrs fools! As the sun is the lord of life, as well as of light; as his beams not merely pierce the clouds, but support all growth, supply all motion, and call forth from what would otherwise be a cold and inert mass all the infinite diversities of being and beauty, so is liberty to mankind. It is not for an abstraction that men have toiled and died; that in every age the wit-

nesses of Liberty have stood forth, and the martyrs of Liberty have suffered.

We speak of Liberty as one thing, and of virtue, wealth, knowledge, invention, national strength and national independence as other things. But, of all these, Liberty is the source, the mother, the necessary condition. She is to virtue what light is to color; to wealth what sunshine is to grain; to knowledge what eyes are to sight. She is the genius of invention, the brawn of national strength, the spirit of national independence. Where Liberty rises, there virtue grows, wealth increases, knowledge expands, invention multiplies human powers, and in strength and spirit the freer nation rises among her neighbors as Saul amid his brethren—taller and fairer. Where Liberty sinks, there virtue fades, wealth diminishes, knowledge is forgotten, invention ceases, and empires once mighty in arms and arts become a helpless prey to freer barbarians!

Only in broken gleams and partial light has the sun of Liberty yet beamed among men, but all progress hath she called forth.

Liberty came to a race of slaves crouching under Egyptian whips, and led them forth from the House of Bondage. She hardened them in the desert and made of them a race of conquerors. The free spirit of the Mosaic law took their thinkers up to heights where they beheld the unity of God, and inspired their poets with strains that yet phrase the highest exaltations of thought. Liberty dawned on the Phœnician coast, and ships passed the Pillars of Hercules to plow the unknown sea. She shed a partial light on Greece, and marble grew to shapes of ideal beauty, words became the instruments of subtlest thought, and against the scanty militia of free cities the countless hosts of the Great King broke like surges against a rock. She cast her beams on the four-acre farms of Italian husbandmen, and born of her strength a power came forth that conquered the world. They glinted from shields of German warriors, and Augustus wept his legions. Out of the night that followed her eclipse, her slanting rays fell again on free cities, and a lost learning revived, modern civilization began, a new world was unveiled; and as Liberty grew, so grew art, wealth, power, knowledge, and refinement. In the history of every nation we may read the same truth. It was the strength born of Magna Charta that won Crécy and Agincourt. It was the revival of Liberty from the despotism of the Tudors that glorified the Elizabethan age. It was the spirit that

brought a crowned tyrant to the block that planted here the seed of a mighty tree. It was the energy of ancient freedom that, the moment it had gained unity, made Spain the mightiest power of the world, only to fall to the lowest depth of weakness when tyranny succeeded liberty. See, in France, all intellectual vigor dying under the tyranny of the Seventeenth Century to revive in splendor as Liberty awoke in the Eighteenth, and on the enfranchisement of French peasants in the Great Revolution, basing the wonderful strength that has in our time defied defeat.

Shall we not trust her?

In our time, as in times before, creep on the insidious forces that, producing inequality, destroy Liberty. On the horizon the clouds begin to lower. Liberty calls to us again. We must follow her further; we must trust her fully. Either we must wholly accept her or she will not stay. It is not enough that men should vote; it is not enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounty of nature. Either this, or Liberty withdraws her light! Either this, or darkness comes on, and the very forces that progress has evolved turn to powers that work destruction. This is the universal law. This is the lesson of the centuries. Unless its foundations be laid in justice the social structure cannot stand.

Our primary social adjustment is a denial of justice. In allowing one man to own the land on which and from which other men must live, we have made them his bondsmen in a degree which increases as material progress goes on. This is the subtile alchemy that in ways they do not realize is extracting from the masses in every civilized country the fruits of their weary toil; that is instituting a harder and more hopeless slavery in place of that which has been destroyed; that is bringing political despotism out of political freedom, and must soon transmute democratic institutions into anarchy.

It is this that turns the blessings of material progress into a curse. It is this that crowds human beings into noisome cellars and squalid tenement houses; that fills prisons and brothels; that goads men with want and consumes them with greed; that robs women of the grace and beauty of perfect womanhood; that takes from little children the joy and innocence of life's morning.

Civilization so based cannot continue. The eternal laws of the

universe forbid it. Ruins of dead empires testify, and the witness that is in every soul answers, that it cannot be. It is something grander than Benevolence, something more august than Charity—it is Justice herself that demands of us to right this wrong. Justice that will not be denied; that cannot be put off—Justice that with the scales carries the sword. Shall we ward the stroke with liturgies and prayers? Shall we avert the decrees of immutable law by raising churches when hungry infants moan and weary mothers weep?

Though it may take the language of prayer, it is blasphemy that attributes to the inscrutable decrees of Providence the suffering and brutishness that come of poverty; that turns with folded hands to the All-Father and lays on Him the responsibility for the want and crime of our great cities. We degrade the Everlasting. We slander the Just One. A merciful man would have better ordered the world; a just man would crush with his foot such an ulcerous anthill! It is not the Almighty, but we who are responsible for the vice and misery that fester amid our civilization. The Creator showers upon us his gifts—more than enough for all. But like swine scrambling for food, we tread them in the mire—tread them in the mire, while we tear and rend each other!

In the very centers of our civilization to-day are want and suffering enough to make sick at heart whoever does not close his eyes and steel his nerves. Dare we turn to the Creator and ask Him to relieve it? Supposing the prayer were heard, and at the behest with which the universe sprang into being there should glow in the sun a greater power; new virtue fill the air; fresh vigor the soil; that for every blade of grass that now grows two should spring up, and the seed that now increases fifty-fold should increase a hundred-fold! Would poverty be abated or want relieved? Manifestly no! Whatever benefit would accrue would be but temporary. The new powers streaming through the material universe could be utilized only through land.

This is not merely a deduction of political economy; it is a fact of experience. We know it because we have seen it. Within our own times, under our very eyes, that Power which is above all, and in all, and through all; that Power of which the whole universe is but the manifestation; that Power which maketh all things, and without which is not anything made that is made, has increased the bounty which men may enjoy, as truly as though the fertility of nature had been increased. Into the mind of one

came the thought that harnessed steam for the service of mankind. To the inner ear of another was whispered the secret that compels the lightning to bear a message round the globe. In every direction have the laws of matter been revealed; in every department of industry have arisen arms of iron and fingers of steel, whose effect upon the production of wealth has been precisely the same as an increase in the fertility of nature. What has been the result? Simply that land owners get all the gain.

Can it be that the gifts of the Creator may be thus misappropriated with impunity? Is it a light thing that labor should be robbed of its earnings while greed rolls in wealth—that the many should want while the few are surfeited? Turn to history, and on every page may be read the lesson that such wrong never goes unpunished; that the Nemesis that follows injustice never falters nor sleeps! Look around to-day. Can this state of things continue? May we even say, "After us the deluge!" Nay; the pillars of the state are trembling even now, and the very foundations of society begin to quiver with pent-up forces that glow underneath. The struggle that must either revivify, or convulse in ruin, is near at hand, if it be not already begun.

The fiat has gone forth! With steam and electricity, and the new powers born of progress, forces have entered the world that will either compel us to a higher plane or overwhelm us, as nation after nation, as civilization after civilization, have been overwhelmed before. It is the delusion which precedes destruction that sees in the popular unrest with which the civilized world is feverishly pulsing only the passing effect of ephemeral causes. Between democratic ideas and the aristocratic adjustments of society there is an irreconciliable conflict. Here in the United States, as there in Europe, it may be seen arising. We cannot go on permitting men to vote and forcing them to tramp. We cannot go on educating boys and girls in our public schools and then refusing them the right to earn an honest living. We cannot go on prating of the inalienable rights of man and then denying the inalienable right to the bounty of the Creator. Even now, in old bottles the new wine begins to ferment, and elemental forces gather for the strife!

But if, while there is yet time, we turn to Justice and obey her, if we trust Liberty and follow her, the dangers that now threaten must disappear, the forces that now menace will turn to agencies of elevation. Think of the powers now wasted; of

the infinite fields of knowledge yet to be explored; of the possibilities of which the wondrous inventions of this century give us but a hint. With want destroyed; with greed changed to noble passions; with the fraternity that is born of equality taking the place of the jealousy and fear that now array men against each other; with mental power loosed by conditions that give to the humblest comfort and leisure; and who shall measure the heights to which our civilization may soar? Words fail the thought! It is the Golden Age of which poets have sung and high-raised seers have told in metaphor! It is the glorious vision which has always haunted man with gleams of fitful splendor. It is what he saw whose eyes at Patmos were closed in a trance. It is the culmination of Christianity—the City of God on earth, with its walls of jasper and its gates of pearl! It is the reign of the Prince of Peace!

CONCLUSION

THE PROBLEM OF INDIVIDUAL LIFE

My task is done.

Yet the thought still mounts. The problems we have been considering lead into a problem higher and deeper still. Behind the problems of social life lies the problem of individual life. I have found it impossible to think of the one without thinking of the other, and so, I imagine, will it be with those who, reading this book, go with me in thought; for, whatever be its fate, it will be read by some who in their heart of hearts have taken the cross of a new crusade. This thought will come to them without my suggestion; but we are surer that we see a star when we know that others also see it.

The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends—those who will toil for it; suffer for it; if need be, die for it. This is the power of Truth.

Will it at length prevail? Ultimately, yes. But in our own times, or in times of which any memory of us remains, who shall say?

For the man who, seeing the want and misery, the ignorance and brutishness caused by unjust social institutions, sets himself, in so far as he has strength, to right them, there is disappointment and bitterness. So it has been of old time. So is it even now. But the bitterest thought—and it sometimes comes to the best and bravest—is that of the hopelessness of the effort, the futility of the sacrifice. To how few of those who sow the seed is it given to see it grow, or even with certainty to know that it will grow.

Let us not disguise it. Over and over again has the standard of Truth and Justice been raised in this world. Over and over again has it been trampled down—oftentimes in blood. If they

are weak forces that are opposed to Truth, how should Error so long prevail? If Justice has but to raise her head to have Injustice flee before her, how should the wail of the oppressed so long go up?

But for those who see Truth and would follow her; for those who recognize Justice and would stand for her, success is not the only thing. Success! Why, Falsehood has often that to give; and Injustice often has that to give. Must not Truth and Justice have something to give that is their own by proper right—theirs in essence, and not by accident?

That they have, and that here and now, every one who has felt their exaltation knows. But sometimes the clouds sweep down. It is sad, sad reading, the lives of the men who would have done something for their fellows. To Socrates they gave the hemlock; Gracchus they killed with sticks and stones; and One, greatest and purest of all, they crucified. And in penury and want, in neglect and contempt, destitute even of the sympathy that would have been so sweet, how many in every country have closed their eyes? This we see.

But do we see it all?

I have in this inquiry followed the course of my own thought. When, in mind, I set out on it I had no theory to support, no conclusions to prove. Only, when I first realized the squalid misery of a great city, it appalled and tormented me, and would not let me rest, for thinking of what caused it and how it could be cured.

But out of this inquiry has come to me something I did not think to find, and a faith that was dead revives.

The yearning for a further life is natural and deep. It grows with intellectual growth, and perhaps none really feel it more than those who have begun to see how great is the universe and how infinite are the vistas which every advance in knowledge opens before us—vistas which would require nothing short of eternity to explore. But in the mental atmosphere of our times, to the great majority of men on whom mere creeds have lost their hold, it seems impossible to look on this yearning save as a vain and childish hope, arising from man's egotism, and for which there is not the slightest ground or warrant, but which, on the contrary, seems inconsistent with positive knowledge.

Now, when we come to analyze and trace up the ideas that thus destroy the hope of a future life, we shall find them, I think, to have their root in the doctrines, that there is a tendency to the production of more human beings than can be provided for; that vice and misery are the result of natural laws, and the means by which advance goes on; and that human progress is by a slow race development. These doctrines, which have been generally accepted as approved truth, do what, except as scientific interpretations have been colored by them, the extensions of physical science do not do—they reduce the individual to insignifiance; they destroy the idea that there can be in the ordering of the universe any regard for his existence, or any recognition of what we call moral qualities.

It is difficult to reconcile the idea of human immortality with the idea that nature wastes men by constantly bringing them into being where there is no room for them. It is impossible to reconcile the idea of an intelligent and beneficent Creator with the belief that the wretchedness and degradation which are the lot of such a large proportion of human kind result from his enactments; while the idea that man mentally and physically is the result of slow modifications perpetuated by heredity, irresistibly suggests the idea that it is the race life, not the individual life, which is the object of human existence. Thus has vanished with many of us, and is still vanishing with more of us, that belief which in the battles and ills of life affords the strongest support and deepest consolation.

Now, in the inquiry through which we have passed, we have met these doctrines and seen their fallacy. We have seen that population does not tend to outrun subsistence; we have seen that the waste of human powers and the prodigality of human suffering do not spring from natural laws, but from the ignorance and selfishness of men in refusing to conform to natural laws. We have seen that human progress is not by altering the nature of men; but that, on the contrary, the nature of men seems, generally speaking, always the same.

Thus the nightmare which is banishing from the modern world the belief in a future life is destroyed. Not that all difficulties are removed—for turn which way we may, we come to what we cannot comprehend; but that difficulties are removed which seem conclusive and insuperable. And, thus, hope springs up.

But this is not all.

Political Economy has been called the dismal science, and as currently taught, *is* hopeless and despairing. But this, as we have seen, is solely because she has been degraded and shackled; her truths dislocated; her harmonies ignored; the word she would utter gagged in her mouth, and her protest against wrong turned into an indorsement of injustice. Freed, as I have tried to free her—in her own proper symmetry, Political Economy is radiant with hope.

For properly understood, the laws which govern the production and distribution of wealth show that the want and injustice of the present social state are not necessary; but that, on the contrary, a social state is possible in which poverty would be unknown, and all the better qualities and higher powers of human nature would have opportunity for full development.

And, further than this, when we see that social development is governed neither by a Special Providence nor by a merciless fate, but by law, at once unchangeable and beneficent; when we see that human will is the great factor, and that taking men in the aggregate, their condition is as they make it; when we see that economic law and moral law are essentially one, and that the truth which the intellect grasps after toilsome effort is but that which the moral sense reaches by a quick intuition, a flood of light breaks in upon the problem of individual life. These countless millions like ourselves, who on this earth of ours have passed and still are passing, with their joys and sorrows, their toil and their strivings, their aspirations and their fears, their strong perceptions of things deeper than sense, their common feelings which form the basis even of the most divergent creeds—their little lives do not seem so much like meaningless waste.

The great fact which Science in all her branches shows is the universality of law. Wherever he can trace it, whether in the fall of an apple or in the revolution of binary suns, the astronomer sees the working of the same law, which operates in the minutest divisions in which we may distinguish space, as it does in the immeasurable distances with which his science deals. Out of that which lies beyond his telescope comes a moving body and again it disappears. So far as he can trace its course the law is ignored. Does he say that this is an exception? On the contrary, he says that this is merely a part of its orbit that he has seen; that beyond the reach of his telescope the law holds

good. He makes his calculations, and after centuries they are proved.

Now, if we trace out the laws which govern human life in society, we find that in the largest as in the smallest community, they are the same. We find that what seem at first sight like divergences and exceptions are but manifestations of the same principles. And we find that everywhere we can trace it, the social law runs into and conforms with the moral law; that in the life of a community, justice infallibly brings its reward and injustice its punishment. But this we cannot see in individual life. If we look merely at individual life we cannot see that the laws of the universe have the slightest relation to good or bad, to right or wrong, to just or unjust. Shall we then say that the law which is manifest in social life is not true of individual life? It is not scientific to say so. We would not say so in reference to anything else. Shall we not rather say this simply proves that we do not see the whole of individual life?

In life, as we are cognizant of it, mental development can go but a little way. The mind hardly begins to awake ere the bodily powers decline—it but becomes dimly conscious of the vast fields before it, but begins to learn and use its strength, to recognize relations and extend its sympathies, when, with the death of the body, it passes away. Unless there is something more, there seems here a break, a failure. Whether it be a Humboldt or a Herschel, a Moses who looks from Pisgah, a Joshua who leads the host, or one of those sweet and patient souls who in narrow circles live radiant lives, there seems, if mind and character here developed can go no further, a purposelessness inconsistent with what we can see of the linked sequence of the universe.

By a fundamental law of our minds we cannot conceive of a means without an end; a contrivance without an object. Now, to all nature, so far as we come in contact with it in this world, the support and employment of the intelligence that is in man furnishes such an end and object. But unless man himself may rise to or bring forth something higher, his existence is unintelligible. So strong is this metaphysical necessity that those who deny to the individual anything more than this life are compelled to transfer the idea of perfectibility to the race. But as we have seen, there is nothing whatever to show any essential

race improvement. Human progress is not the improvement of human nature. The advances in which civilization consists are not secured in the constitution of man, but in the constitution of society. They are thus not fixed and permanent, but may at any time be lost—nay, are constantly tending to be lost. And further than this, if human life does not continue beyond what we see of it here, then we are confronted, with regard to the race, with the same difficulty as with the individual! For it is as certain that the race must die as it is that the indivdual must die. We know that there have been geologic conditions under which human life was impossible on this earth. We know that they must return again. Even now, as the earth circles on her appointed orbit, the northern ice cap slowly thickens, and the time gradually approaches, when its glaciers will flow again, and austral seas, sweeping northward, bury the seats of present civilization under ocean wastes, as it may be they now bury what was once as high a civilization as our own. And beyond these periods, science discerns a dead earth, an exhausted sun—a time when, clashing together, the solar system shall resolve itself into a gaseous form, again to begin immeasurable mutations.

What then is the meaning of life—of life absolutely and inevitably bounded by death? To me it seems intelligible only as the avenue and vestibule to another life. And its facts seem explainable only upon a theory which cannot be expressed but in myth and symbol, and which, everywhere and at all times, the myths and symbols in which men have tried to portray their deepest perceptions do in some form express.

The scriptures of the men who have been and gone—the Bibles, the Zend Avestas, the Vedas, the Dhammapadas, and the Korans; the esoteric doctrines of old philosophies, the inner meaning of grotesque religions, the dogmatic constitutions of Ecumenical Councils, the preachings of Foxes, and Wesleys, and Savonarolas, the traditions of red Indians, and beliefs of black savages, have a heart and core in which they agree—a something which seems like the variously distorted apprehensions of a primary truth. And out of the chain of thought we have been following there seems vaguely to rise a glimpse of what they vaguely saw—a shadowy gleam of ultimate relations, the endeavor to express which inevitably falls into type and allegory. A garden in which are set the trees of good and evil. A vineyard in which there is

the Master's work to do. A passage—from life behind to life beyond. A trial and a struggle, of which we cannot see the end.

Look around to-day.

Lo! here, now, in our civilized society, the old allegories yet have a meaning, the old myths are still true. Into the Valley of the Shadow of Death yet often leads the path of duty, through the streets of Vanity Fair walk Christian and Faithful, and on Greatheart's armor ring the clanging blows. Ormuzd still fights with Ahriman—the Prince of Light with the Powers of Darkness. He who will hear, to him the clarions of the battle call.

How they call, and call, and call, till the heart swells that hears them! Strong soul and high endeavor, the world needs them now. Beauty still lies imprisoned, and iron wheels go over the good and true and beautiful that might spring from human lives.

And they who fight with Ormuzd, though they may not know each other—somewhere, some time, will the muster roll be called.

Though Truth and Right seem often overborne, we may not see it all. How can we see it all? All that is passing, even here, we cannot tell. The vibrations of matter which give the sensations of light and color become to us indistinguishable when they pass a certain point. It is only within a like range that we have cognizance of sounds. Even animals have senses which we have not. And, here? Compared with the solar system our earth is but an indistinguishable speck; and the solar system itself shrivels into nothingness when gauged with the star depths. Shall we say that what passes from *our* sight passes into oblivion? No; not into oblivion. Far, far beyond our ken the eternal laws must hold their sway.

The hope that rises is the heart of all religions! The poets have sung it, the seers have told it, and in its deepest pulses the heart of man throbs responsive to its truth. This, that Plutarch said, is what in all times and in all tongues has been said by the pure hearted and strong sighted, who, standing as it were, on the mountain tops of thought and looking over the shadowy ocean, have beheld the loom of land:

"Men's souls, encompassed here with bodies and passions, have no communication with God, except what they can reach to in

conception only, by means of philosophy, as by a kind of an obscure dream. But when they are loosed from the body, and removed into the unseen, invisible, impassable, and pure region, this God is then their leader and king; they there, as it were, hanging on him wholly, and beholding without weariness and passionately affecting that beauty which cannot be expressed or uttered by men."

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